His a contrained in

 $u_{p,con}, \gamma_{oel}$ 

Monday December 10 1990

#### D 8523A

# World News **White House**

# split over comptroller's , appointment

developed over the re-appoint-ment of Robert Clarke as the comptroller of the currency, who is in charge of the regula-tors of federally chartered banks. Mr John Sununu, White House chief of staff, opposes the reappointment, arguing that the comptroller's regula-tors have been too assiduous. But regulators defended close scrutiny. Page 16

**Gummer blames US** British Agriculture Minister John Gummer accused the US of precipitating the collapse of last week's talks on a new world trade deal. He said they had "pulled the plug on the thing on Friday". Page 16

#### Aids protest

More than 500 Aids demonstrators sat down in the middle of one of New York's busiest intersections, disrupting traffic at the height

# Sentence stands

Iran declared the death sentence against author Salman Rushdie irreversible. Islamic culture minister Mohammad Khatami said the late Ayatollah Kohmeini's order could not be lifted.

### Indian casualties More than 100 people have been killed over the past three days in clashes between Hindus and Moslems in Hyder-

abad, capital of the south Indian state of Andhra Pradesh, and at Aligarh town in Uttar Pradesh state in the north. Page 2 PM reinstated

Thailand's prime minister Mr Chatichai Choonhavan, who resigned on Saturday in an effort to end disputes with the country's generals, has been reappointed. Page 2

### Levitt worries

The collapse of Levitt Gro one of the largest private financial services companies in the UK, has left uncertain the status of the funds of its 18,000 clients. Page 16

### **Election boycott**

Ethnic Albanians in the Yugoslav province of Kosovo boycotted the first multi-party elections in more than 50 years in Serbia, the largest republic.

### Currency doubts

Scepticism over the practical benefits of a single European currency and the speed with which it could be introduced has been voiced in an informal FT poll of senior executives in 20 of Europe's largest industrial companies. Page 4

### **Industry strife**

THE two sides of Italy's engineering industry appear to be squaring up for their most serious confrontation in pearly a decade, following the collapse of pay talks covering 1.5m workers Page 4

#### Columbian violence As Colombians turned out to elect an assembly to reform

the constitution, security forces reported a massacre of six people by leftist guerrillas and skirmishes with rebel groups seeking to disrupt the poll. Page 3

# Military reform

President Carlos Menem has announced a wide-ranging reform of Argentina's armed forces, diluting the concentra-tion of military power in Bue-

Heavy snow and icy weather gripped many parts of western Europe causing havor through-out Britain, parts of France, Spain and Switzerland.

# Business Summary

# **ABF** agrees to buy British Sugar from **Berisford**

Associated British Foods, UK's largest milling and baking group, has agreed to buy British Sugar from Berisford International, Europe's third-largest sugar producer, ending a four-year battle between some of Europe's biggest food barons.

CITICORP, largest US commercial bank in terms of assets, is planning to cut about 4,000 jobs from its corporate lending business in the US, Europe and Japan. Page 17

**EUROPEAN** monetary system The French franc slipped down the ERM league last week, but there was little if any sign of intervention by the Bank of France. Interest rate factors kept the D-Mark firm, moving closer to the top placed Span-ish peseta, amid speculation that the Bundesbank may again tighten its monetary stance. The Bank of England

The chart shows the member

the weakest currency in the

rencies in the EMS narrow

band cannot rise more than

2.25 per cent from the weakest currency in that part of the sys

tem. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands. Currencies,

SAATCHI & Saatchi, UK

advertising group, says the international advertising

industry faces a gruelling year

in 1991 as recession continues in the US and other markets

BASLE AGREEMENT, accord

on bank capital, will not be relaxed despite mounting pres-

sures on the world banking system, says the chairman of

the Basle committee of interna

tional banking supervisors, Mr Huib Muller. Page 17

sion in the US and the Far

East. Page 18

cue plan. Page 18

Page 20

IMI, Midlands-based engineer-

ing group, is drawing up plans for further international expan-

GOODMAN International, Europe's biggest beef processor

and exporter, enters what appears to be the final stages

of a saga as banks owed more

decide on the viability of a res-

than I£500m (\$882m) meet to

US BANKS are likely to cut

their prime rates from 7 per

UK-LISTED companies will-

cent to 61/2 per cent this week.

show lower earnings next year say institutional fund manag-

ers who have already cut their

expectations of the performance of UK companies in the

past few weeks. Page 17

slow down. Page 16

Page 27

currencies of the exchange rate

EMS's narrow 2.25 per cent fluc

tuation band. In practice, cur-

December 7, 1990

signalled no early cut in UK bank base rates on Friday as sterling remained at the botwestern car makers seeking an entry into eastern Europe. Mr Pithart said the decision tom of the system.

# Volkswagen beats Renault and Volvo for Skoda stake

By Kevin Done, Motor Industry Correspondent, in London

VOLKSWAGEN of Germany, in favour of VW was condi-Europe's leading car maker, has won the fierce competition against Renault of France and Volvo of Sweden to acquire a substantial stake in Skoda, the Czechoslovak state-owned car

Mr Petr Pithart, premier of the Czech regional govern-ment, said last night that the decision had been taken at a special session of the Czech government yesterday. VW had been recommended

by the government's economic council, he said, because the German car maker had offered better financial conditions than Renault and a more comprehensive social package.
It is understood that VW has offered a package worth up to DM8bn (\$5.2bn). It is expected initially to take a minority

stake of 25-33 per cent, but this is likely to be increased later into a majority stake.

Skoda, which produced 183,000 cars last year, has been one of the main targets for

tional on the German car maker accepting the conditions

proposed by the government. "The government is prepar-ing the conditions of the contract with the German car firm. But we must insist on the fact that the decision is condi-tional on there being agree-ment on all the basic terms of the contract proposed by the government," he said.

The government of the Czech Republic is the legal owner of Skoda. No further details of the decision were

The competition between rival western car makers to become the partner of Skoda had been running for several

Originally many of the leading car producers from western Europe and the US expressed interest in the deal, but VW and the recently-formed Renging Colors of Special Colors of Colors of Special Colors of Special Colors of Color ault/Volvo alliance finally emerged as the front-runners. In their bid, Renault and Volvo sought a 40 per cent stake in Skoda and put forward

FFr13bn (\$2.57bn) to modernise and expand Skoda's operations in the 1990s.

Mr Zdenek Patocka, Skoda deputy general manager who has been one of the leaders of has been one of the leaders of the joint venture negotiations, said earlier this year that Skoda would prefer to keep majority control of any joint venture. It was keen to main-tain the Skoda marque, but he said that "It could be possible for the citate to the pressible for the state to give up major-ity control."

Of Skoda's output last year of 183,000 cars, some 50,000 were exported to western markets headed by the UK with

About 15,000 were exported to eastern European markets. Volkswagen last night welcomed the announcement from the Czech government and said it understood that it was tak-ing on a big responsibility. It said that it would model its partnership with Skoda on its earlier takeover in the second half of the 1980s of SEAT,

investment programme at SEAT up to the late 1990s in an ambitious capacity expansion and restructuring programme including the building of a 1,500 cars a day assembly plant. It has maintained the independence of the SEAT. independence of the SEAT

VW is currently engaged in a 10-year Pta670bn (\$5.7bn)

independence of the SEAT marque.

VW said that geographically the partnership with Skoda offered perfect conditions for integrating the Czech car maker into the group's international production network.

VW has also recently begun work on a planned DM5bn investment in east Germany, including the building of a 250,000-a year integrated car plant at Mosel, near Zwickau, site of the old East German Trabant plant, and the modernisation of an engine plant at isation of an engine plant at Chemnitz. VW also has a small joint venture plant in Yugo-

slavia. The other western car makers which have led the surge into eastern Europe are General Motors of the US and Fiat

resolution. Mr Baker stressed that no solution or talks would

be acceptable which would

appear to reward aggression.

Lech Walesa: seeking a strong mandate to the Polish presidency to see his country through hard times ahead

# Walesa heads for victory in Polish presidential poll

By Christopher Bobinski in Warsaw

EARLY indications suggested Mr Lech Walesa would win the Polish presidency but be denied a resounding mandate because of a low turnout in yesterday's poll.
Voting in the second stage of

the country's bitterly contested first free democratic election since the 1930s was expected to fall below 60 per cent, even lower than the first round of

Mr Walesa, the Solidarity leader, was seeking a turnout of 80 per cent to give him a strong mandate to lead the country during the hard times it faces.

None the less, the final exit poll before the official results last night gave him 77 per cent of those who did vote, with 23 per cent for his rival Mr Stanislaw Tyminski, the controversial Polish-Canadian business-

of the six candidates won the required 50 per cent. Mr Tyminski then astonished the country by forging ahead of Mr Tadeusz Mazowiecki, the prime minister, thus becoming Mr Walesa's main challenger.

Yesterday Mr Walesa, accompanied by his wife Danuta and Slawomir, one of their sons, voted in Gdansk, the birthplace of Solidarity. He said he had put his cross against the name of "the better

ometres from Warsaw, Mr Tyminski and Graciela, his Peruvian-born wife, voted without making any comment and then drove to lunch at his

mother's house nearby. In the last two weeks Mr Walesa appeared to gather some grudging support from Mr Mazowiecki's backers, who are concerned that a victory by Mr Tyminski would mean a

Ethnic Albanians in the Yugoslav province of Kosovo yesterday boycotted the first multi-party elections in more than 50 years in Serbia, the largest republic. They were protesting at Serbia's control of their province. Page 16

communist "counter-revolu-tion," of which Mr Walesa has rhetorically warned in recent

Mr Tyminski, who has promnance of current social welfare levels, stepped up his attacks on the Solidarity government's economic policies in the run-up to yesterday's vote. He also attempted to destroy Mr Walesa's reputation, saying that he had compromising materials on the Solidarity leader. No evidence was produced.

Mr Walesa now says that Mr Tyminski should not be allowed to leave the country until he has answered the unsubstantiated charges. Continued on Page 16

# the former chronically loss-making Spanish state-owned Hopes rise for the Gulf hostages as Baghdad allows airlift to begin

By Peter Riddell in Washington and Mark Nicholson in London

HOPES THAT hostages freed by Iraq would be home by Christmas rose yesterday as more than 500 westerners left Baghdad aboard the first flights in a planned airlift.

However, as the evacuation began, the US issued further warnings to Iraq to withdraw completely from Kuwait or

face military action.

In face of the welcome for the release of the hostages and widespread speculation about possible deals between Washington and Baghdad, senior members of the Bush administration sought to keep the focus on the basic aims of the United Nations Security Council resolution.

This resolution requires Iraq's complete withdrawal from Kuwait by January 15. The task of ferrying out almost 3,000 western and Japa-nese hostages began last night as an Iraqi Airways jet, chartered by the Italian govern-ment, left Baghdad for Rome carrying 219 passengers, 176 of

A US-chartered Boeing 747 later departed for Frankfurt

NEW EVIDENCE has emerged

of chronic corruption, conges-

tion and distribution problems in the Soviet food supply sys-tem, as the international com-

munity contemplates further

The Bush administration is expected to accede this week to

pleas by US farm and industry lobbyists and issue a waiver of

credits to the Soviet Union.

approval of more than \$1bn in US government credit guaran-

tees to underwrite the sale of

In Brussels, European Com-

munity finance ministers meet-ing today are due to draft an

assistance package worth more than Eculbn (\$1.36bn) which

will be put to the EC summi

in Rome on December 14-15. But leading Soviet officials and

grain and other commodities.

Such a move could lead to the

lation which forbids trade

A peace comerence emoracing all Middle East issues has been called for by King Hussein of Jordan. It would be convened simultaneously with an Iraqi withdrawal from Kuwait. The king said any settlement of the Gulf crisis should guarantee Kuwait's sovereignty, but also contain elements to satisfy Iraq's economic and security concerns. There was no indication that his proposal had won Iraq's endorsement. Page 3

carrying 330 passengers, mostly US nationals. Iraq is refusing to allow foreign airlines to land in Bagh-dad and has insisted that the foreigners leave on Iraqi Airways aircraft Iraqi authorities said last night they had

enough aircraft to complete the

evacuation by Christmas. The British foreign office said that 72 Britons aboard the US flight to Frankfurt would be transferred to the first available flights to London. No arrangements for flying home 11 Britons on the Italian flight had been announced last night. The first of two British-chartered aircraft is due to leave Baghdad carrying up to 440 Britons this afternoon, while a second jet has been chartered

New evidence of corruption in

Soviet food distribution system

distribution system cannot

At the same time the KGB.

the Soviet security service, identified port congestion, rail chaos, and theft and corruption

in the state trading system as

big factors behind the lack of

food in state shops.

It singled out Leningrad, where ships loaded with meat, flour, and sugar were held up, and the Far Eastern ports (such as Nakhodka and Vladizatek) as the mount affected.

yostok) as the worst affected.
Radical and conservative politicians have started blaming each other for the confu-

sion. Radicals who now control

city councils like those in

Moscow and Leningrad main-

tain they are subject to a delib-erate blockade. Supporters of

the establishment maintain that it is the inefficiency of the

radical councils which is caus-

to leave tomorrow

By Quentin Peel in Moscow and Nancy Dunne in Washington

British and US officials said that the Iraqi authorities were swiftly processing visas for the hostages, most of whom have assembled in Baghdad. All 1,200 Britons and 750 US citizens held in Iraq and Kuwait could be home by the end of

the week, the officials said. Mr James Baker, the US sec-retary of state, denied that any deals were being contemplated over Kuwait and warned the Iraqi government against trying to delay his proposed visit to Baghdad until January 12 - just before the UN deadline. He said the US had proposed

date between December 20 and January 3 and going later than that would show that President Saddam Hussein was not serious and wanted to delay implementing the UN

side the official distribution

A series of surveys by Soviet newspapers, including Pravda, found that large stocks of food,

including meat, butter, tea and fruit, were blocked in

Moscow's railway goods yards.

wagons loaded with meat, mostly imported, had been

abandoned in a siding at the

Oktyabrskaya goods yard since November 25, addressed for

delivery to a meat-packing plant in the city.

"One of the reasons given for freight congestion is a shortage of storage facilities," Pravda

added. "All warehouses of trad-

ing establishments are packed

to capacity. On the other hand,

shop shelves are empty."
Mr Eduard Schevarnadze,

the Soviet foreign minister,

arrived in the US yesterday for

a visit which could coincide with a waiver of the Jackson-

Vanik Amendment, which

links favourable trade treat-

ment and financing with emi-

Pravda, for example, said 101

appear to rewart aggression.

For Instance, the US is taking a strong line in continuing negotiations among members of the Security Council about the wording of a resolution referring to a possible Middle East peace conference - a move long sought by Iraq which would link the Palestinian question to issues to be dis-He said the US believed an

appropriate time, might be useful, but today we would not like to see that in a UN resolution precisely because there should be no linkage."

Mr Yitzhak Shamir, the Israeli Prime Minister, who is

due to see President Bush in Washington tomorrow said that such a conference was a "non-starter" and ruled out Israeli participation. Mr Baker said the US was "very appreciative" of Israel's low-profile policy throughout the crisis.

In Pecice, a village a few kil-

# **Seldom**

# <u>has there been</u> a better time

# to invest.

UK equities now represent excellent value. Only 5 times in the last twenty years has the market offered a higher yield.

On each of these occasions, the F.T.-A All Share Index grew by over 45% in the ensuing two year period.

The value of units may fluctuate and cannot be guaranteed. Past performance is no guide to the future.

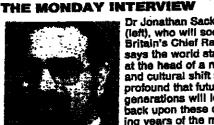
For details of investment in our top quartile\* UK Equity Income Trust, call us now on 0800 282465.

# **UK Equity Income Trust** UNIT TRUSTS

20 Finsbury Circus, London EC2M 1UT. Member of IMRO, LAUTRO and the UTA

Issued by Morgan Grenfell Unit Trust Managers Limited

#### commentators warned that reports of looming famine were ing the chaos. In reality, much of the prob GILTS: Speculation about an lem appears to stem from the collapse of Soviet transport interest-rate cut has driven exaggerated and likely to be up the gilt-edged securities market for the third week runcounter-productive, attracting food supplies from the Wes ning. Page 20 ning of rampant inflation outwith which the overburdened



Dr Jonathan Sacks (left), who will soon be Britain's Chief Rabbi, ays the world stands at the head of a moral and cultural shift so generations will look back upon these closing years of the millennium with awe.

Delivering the mail: Postal blueprint given stamp of disapproval Management: IBM joins the ranks of the "transnationals" -Editorial Comments Superpower that said "no"; Banks and their customers ...

with the question of convergence ... Lex: So farewell then, privatisation; bank dividends; German property ... Today Japan, tomorrow the world: The

The Week Ahead LIK Gilts US Bonds Unit Trusts

# MONDAY Australia: Optimism lades. (See asparate section). Charities: Looking for laws to lift donor fatigue. Saudi Arabia: see panel left. **ETHURSDAY** 

gration policy.

**FRIDAY** the Thatcher era.

CONTENTS

profound that future

international bonds ..... 20

Intl.Capital Markets . 20,21

European Monetary Union: Getting to grips

remarkable success story of canned coffee ... 17

FT SURVEYS THIS WEEK

SAUDI ARABIA "A kingdom...difficult of access, where the foreigner will have no other alm, with his task

Part 11; Switzerland: uncharacteristic turbulence.

Energy Efficiency: where there's a will, there's a way of saving. Scotland: change of mood after

fulfilled, but to get out." - Ibn Saudi, founder of Saudi Arabia.

no rest for those on the lookout

MORE than 100 people have been killed over the past three days in clashes between Hindus and Moslems in Hyderabad, capital of the south Indian state of Andhra Pradesh, and at Aligarh town in Uttar Pradesh state in the

The violence came soon after Hindu activists last week began the second phase of their attempt to build a temple to the god Ram at Ayodhya in Uttar Pradesh, on the site of an ancient mosque. Work done so far has been only symbolic - with Hindus under instructions from the

Vishwa Hindu Parishad, the

organisation masterminding the plans, merely to court Police said that since last Thursday more than 4,000 people had been arrested around the site of the mosque. But tensions have increas in areas where there is a sub-stantial Moslem population.

Hyderabad, where parts of the state capital have big Moslem sectors, has been particularly badly hit. Rioting has taken place despite a curfew in the affected areas and police have fired on crowds several times. Despite a show of strength by the army, which marched through the riot-hit areas, more than 70 people had been killed by last night.

Similar violence has also rocked Aligarh, home of a Moslem university. More than 30 people have died in Hindu-Moslem clashes in the past three days.

The central government is not intervening to check the violence, as keeping order is the responsibility of the state governments under the Indian constitution, but a close watch is being kept following reports of tension in other

Similar violence in many towns in Uttar Pradesh and other states took place during the first phase of the attempt to build the temple at Ayodhva last month.

More than 200 people were killed then, and scores of towns brought under curfew.

# **Pressure mounts** for Ershad to be put on trial

By David Housego in Dhaka

SENIOR MILITARY commanders loyal to former Bangladeshi President Hossain Mohammad Ershad were yesterday removed from their posts as pressure mounted for Gen Ershad to be put on trial. The Bangladesh National Party (BNP), a main opposition alliance, called for Gen Ershad and his wife Roushan to be placed under detention and for their wealth to be confiscated.

They also asked for the appointment of a judicial inquiry under a high court judge to investigate charges of

corruption and abuse of power against the former president. In what could be the start of ugly demonstrations, students gathered yesterday outside the military compound in Dhaka where Gen Ershad is under "protective custody" and declared: "We want Ershad's head." Jubilant demonstrations by students on Saturday also called for him to be tried and hanged. Gen Ershad, who is unable to receive visitors, said in a brief telephone interview with the BBC that he was still planning to contest the elections.

He said that if he won a seat. "I will try my luck in the presidential elections" due to be

held before June. The change at the top of the military hierarchy came as

commanders gathered in Dhaka to try to resolve the split in the armed forces that has emerged over the treatment of the former president. Among generals loyal to Gen Ershad who have been removed were Gen Ashraf, director general of national security and intelligence, and Maj-Gen Nasir, director general of forces intelligence. Reflecting fears among diplomats in Dhaka that disgruntled

army units might still attempt a coup, the US embassy last night congratulated the army on its "positive and responsi-ble" role in supporting democ-racy, and expressed confidence that it would continue to act in the same way. The statement came after Mr William Milam, the US ambassador, called on Gen Nooruddin Khan, the army chief of staff, who talked Gen Ershad into resigning under pressure from younger

The split in the armed forces emerged on Friday as troops loyal to Gen Ershad attempted a display of force in the Dhaka cantonment where he is being



# Thai premier is reinstated

THAILAND'S prime minister, Mr Chatichai Choonhavan, who resigned on Saturday in a last-ditch effort to end disputes with the country's gen-erals, was reappointed yesterday, Reuter reports from

He announced his reinstate he announced his reinstatement to reporters waiting at his residence after the president of the parliament brought him the royal command from King Bhumibol Adulyadej.

Mr Chatichai lumediately pledged a more honest government. "My immediate policy

for the second Chatichai administration is honesty and

more competence," he said.

The reappointment was widely expected, and attention now focuses on how Mr Chati-chai will forge a new coalition to rule Thailand. He said it would take a few

days to form a new govern-ment because he was still talking to other parties. The 68-year-old former general quit after a long-running dis-pute with the powerful mili-tary, who accused his government of tolerating corruption and demanded the removal of several cabinet ministers.

His Chart Thai party holds 96 seats in the 357-seat parliament and has ruled for two years through a seven-party

Mr Chatichai said he hoped the new government would halt the damage to the economy caused by months of political uncertainty, and the new administration would satisfy the military.

isfy the military.

Mr Chalerm Yoobamrung, the deputy education minister, who had angered the army by accusing it of corruption and meddling too much in politics, would not be in the new government, Mr Chatichai added.

The generals' dispute with Mr Chatichai reached a crisis point after they claimed the point after they claimed the premier had reneged on a deal

# NEWS IN BRIEF

# Burmese rulers arrest 49 opposition leaders

BURMESE authorities have arrested 49 leaders of the National League for Democracy (NLD), including dozens of parliamentary deputies, for alleged involvement in a conspiracy to seize power by unilaterally forming a rival, interim government, writes Chit

The NLD won a general election in May but the State Law and Order Restoration Council (Slore) has not allowed it to take

According to Major-General Khin Nyunt, Slore first secretary According to major-General Knin Myunt, Store tirst secretary, the conspiracy was conceived at two secret meetings of 40 NLD leaders in September and October. He said the NLD planned to convene the new parliament, bypassing the law which gives this

# Low turnout in Nigerian poll

Nigeria's first party political elections in seven years passed off peacefully on Saturday, but initial reports indicated a low voter turnout, especially in the south of the country, Reuter reports

from Lagos.

The elections were contested by two government-created parties – the left-of-centre Social Democratic party (SDP) and the conservative National Republican Convention (NRC). Estimated turnout was often 10 per cent or less of those registered to vote, turnout was often in using a controversial open ballot system, in The government is using a controversial open ballot system, in which electors line up in front of their candidates' posters.

# Multi-party system for Angola

The Popular Movement for the Liberation of Angola (MPLA), the country's ruling party, endorsed proposals at the weekend to revise its constitution in two phases to introduce a multi-party system, Renter reports from Lnanda.

The first phase, ending in March 1991, would introduce laws on the formation of political parties, associations, the right of assembly and a press law. The MPLA's army would become a national

A second congress, which would probably meet before June next year, would take a final decision on the MPLA's future ideological line.

# South Africa sets out to lighten the load of its townships

LECTRICITY and First World technology have come to Orange Farm, a dismal squatter settlement of corrugated iron and dust on the veld outside Johannes-burg, and Mr Frans Majolo is clearly

"Everything that works with electricity, I'm going to buy it," says Mr Majolo, 58, proudly displaying his hi-fi radio, new two-ring hot plate and a bare bulb hanging from the

ceiling of his two-room shack.

He brandishes the pre-paid card which switches on the power: Orange Farm's households use electricity meters modelled on the shilling-eating monstrosities of Britain's past, updated for the cashless society. The meters accept cards charged to the value of between R5 and R500 (£102) and indicate when money is

combined sitting room, dining room and bedroom stand the discarded primus stove and paraffin lamps which he once used. He can abandon such rustic methods and bring in the mod cons of township life: a heater for the highveld winters, an electric fan for heavy summer days and a fridge to keep drinks cool and meat

Next door, at shack 2469 Orange Farm. Mrs Sarah Mngomezulu, 32, plans to run a small portable television off the three-plug "ready board" installed last week by Eskom, the South African electricity utility.

"It's very nice," she says simply, posing cheerfully beside the board and the pre-payment meter mounted next to it.

Electrifying Orange Farm, where even the flimsiest squatter shack

running out.
On the sideboard of Mr Majolo's is a small step in Eskom's mission to eems to have bars on its windows,

Electricity has at last arrived in Orange Farm, a squatter settlement in the Transvaal, reports Patti Waldmeir

bring power to South Africa's burgeoning urban townships. "We've got to provide even a cardboard box with a light bulb and a plug point," says Mr Ian McRae, the group's chief

executive. Eskom says that only 13m of the country's 33m people have electricity; electrifying every household in urban and large rural settlements would cost up to R6bn between now

and 2000, Mr McRae says. At Orange Farm, where the first 38

switched on over the weekend, Eskom hopes to have electrified 900 houses by next February, at a capi-

tal cost of R1.5m. Eskom officials and township residents alike point out that nothing improves the quality of life as much as electricity. Its convenience is obvious; and, at 16 cents a unit, Eskom believes the average Orange Farm resident will spend R32 a month on electricity, compared with Mr Majolo's average bill in excess of R80 a month for coal and paraffin. The system of pre-paid cards has

proved extremely popular.

Mr Majolo says he prefers it to receiving a bill at the end of the month. "When my money is finished on the machine, my light is off.

When I've set money my light is off. When I've got money, my light is on again. Nobody is after me," he

plugs. Even some mud huts in Zula-land now get their electricity this

ence campaign aimed at defeating apartheid. The system could still fall foul of the angry young men who increasingly control the country's townships.

Financial Times (Scandinavia) Oster-gade 44, DK-1100 Copenhagen-K, Demark. Telephone (33) 13 44 41. Fax townships.

The Financial Times (Europe) Led Published by the Financial Times (Europe) Lid., Frankfurt Branch. (Guioletterasse 34, 6000 Frankfurt-ambain 1: Telephone 069-75862; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt-Main. and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damor, A.C. Miller, D.E.P. Palmer, London Printer-Frankfurter Societacts-Druckerei-GmbH. Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times plugs. Even some mud huts in Zulaliand now get their electricity this

movem C

ger conf

Mideas

iand now get their electricity this way.

But in South Africa, where electricity is a sensitive political issue, the success of such schemes will depend on acceptance by township organisations allied to the African National Congress (ANC).

Many South African townships have boycotted electricity payments for years, as part of a civil disobedience campaign aimed at defeating No. 57803D.

Registered office: Number One, Southwark Bridge, London SEI 9HIL Company iscorporated under the laws of England and Wales. Chairman: D.R.P. Palmer. Main shareholders: The Financial Times Limited. Publishing director: B. Hugher. 168 Rus de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Ecksir, 15/21 Rus de Caire, 59100 Roubsix Cedex 1. ISSN: 1148-2753. Commission Paritaire No. 57803D.

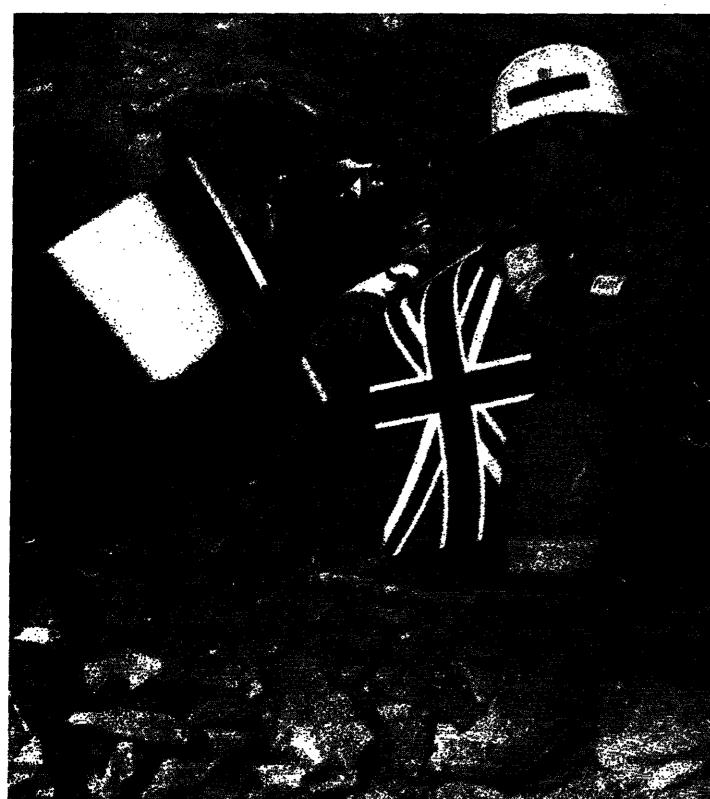


Photo by QA, courtesy of Eurotunnel.

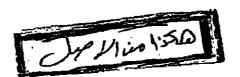
# From one breakthrough to another

Railfreight Distribution, in association with AMEC, is pleased to announce its first **Channel Tunnel** Freight Terminal.

In 1993 West Yorkshire will be connected to Europe. Work will begin shortly on a new, purpose-built freight terminal near Wakefield which will link the region's industry directly to its key markets in Europe.



**AMEC** 



#### INTERNATIONAL NEWS

• THE MIDDLE EAST

# US and Iraq in dispute over timing of talks

By Peter Riddell, US Editor, in Washington

THE US and Iraqi governments remain in dispute about when high-level direct contacts between them should occur, prompting charges from the Bush dministration that Baghdad is not seri-

erselver | Period Allega

IN BRIEF

Nigerian poll

term for Angola

16 1 3 4

10.20

With the

one about the talks.

Mr James Baker, the US secretary of state, rejected an Iraqi proposal that he should visit Baghdad on January 12, three days before the expiry of the United Nations Security Council deadline for Iraq to withdraw from Kuwait or else face the possible use of force. He said Washington had proposed that he go to Baghdad any day between

KING Hussein of Jordan yesterday called for a peace conference, embracing all

Middle East issues, to be convened simultaneously with an

Iraqi withdrawal from Kuwait, as several Arab states sought to foster negoti-

ations between the Kuwaiti and Saudi Arabian govern-

ments and Iraq.
King Hussein said, during an address to army cadets in

Amman, that any settlement of the Gulf crisis should guaran-tee Kuwait's sovereignty, but

also contain elements to satisfy

Iraq's economic and security

He said that any comprehen-

sive settlement for the region should lead to the elimination

of all weapons of mass destruc-

tion in the region - implicitly embracing Israeli arms as well

There was no indication from the king that his proposal

had won the endorsement of Iraqi President Saddam Hus-sein, but his suggestion

appears to provide a mecha-

nism for ideas agreed upon last week during talks with the

However, the king's attempt

to link a solution to the Gulf

crisis with wider regional prob-

lems - particularly the Arab-

Israeli conflict — is certain to prove unpalatable to the Bush administration, which has gone out of its way to deny any

as those of Iraq.

Iraqi leader.

Hussein calls for

all Mideast issues

peace conference on

ous about this meeting and we think it's important that we leave no stone unturned in the search for peace. In rejecting the later date of January 12 as "basically unacceptable", Mr Baker said the US "would not be a party to circumventing the January 15 deadline or playing games that back us right up to that deadline because Iraq is not going to be able to leave Kuwait in just a couple of days", He said that if Baghdad rejected any of the dates suggested by the US it would show that

Aziz, the Iraqi foreign minister, should visit Washington on December 17, but the Bush administration has refused to agree until there is a firm agreement on an acceptable date for Mr Baker to visit Iraq and that he will see President Sad-

Mr Amir al-Anbari, the Iraqi ambas-sador to the UN, said the dispute was a "marginal issue" that he believed would be settled within the next few days. If

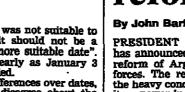
December 20 and January 3 "in order that people understand that we're serious about this meeting and we think it's important that we leave no stone unturned in the search for peace".

In rejecting the later date of January was not suitable to to delay the Security Council resolution".

Beghdad has proposed that Mr Tariq Aziz, the Iraqi foreign minister, should not be a problem to find a more suitable date". He said a date as early as January 3 "in order to delay the Security Council resolution".

Beghdad has proposed that Mr Tariq Aziz, the Iraqi foreign minister, should not be excluded. Apart from the differences over dates, and the said and the

the two sides also disagree about the purpose of the talks. Baghdad wants an overall discussion of Middle East problems, including the Palestinian ques-tion, but Washington sees the main aim as stressing the need for Iraq fully to comply with the UN resolutions, and wants to avoid any linkage with the Arab/Israel dispute.





US marines in the Saudi Arabian desert after an exercise in interrupting enemy supply lines

# Intifada enters fourth year

THE Palestinian intifada, or uprising, against Israel's 23-year occupation of the West Bank and Gaza Strip entered its fourth year yesterday with little prospect of a settlement and the two rides exeminate more the two sides seemingly more bitterly divided than ever.

King Hussein, meanwhile, called yesterday for dialogue to heal the rift among Arab states resulting from Iraq's invasion of Kuwait. Oman, Algiers and Morocco are spearheading an effort to bring anti-Iraqi states towards dialogue with Baghdad and are testing, in particular, whether talks can be arranged between Saudi Arabia, Kuwait and Iraq.

However, Arab officials said they doubted that any meeting could be arranged between Mr Saddam and King Fahd, the such linkage. Saudi ruler, b According to senior Arab Iraqi meetings. Saudi ruler, before the US-

at a meeting with King Hus-sein last Tuesday that he

would be willing to compromise over Kuwait only if there was progress towards the set-

tlement of the Palestinian

Mr Saddam, at the same time, secured the support of

his visitors in representing

Arab demands for convening

ence during the expected

an international peace confer

Iraqi-US meetings.
A draft United Nations reso

lution proposing such a confer-

ence, "at an appropriate time", was subject to continued dis-

cussion yesterday in New

US officials repeatedly

stressed last week that they

would neither support nor approve an early Middle East

Israelis. They included his brother, shot dead by soldiers

The combination of curfews imposed by the Israeli authorities and protest strikes ordered by the intifada leadership left most of the occupied lands in sullen silence. However, a 27year-old man was shot dead by paramilitary police in Gaza while being arrested and spo-radic protests were reported

Exact counts of the numbers killed since the intifada erupted vary, but the dead man, Mr Mohammed Mourdi al-Madani, was among more than 740 Palestinians killed by in February. Some 55 Jews have died and nearly 300 Pales-tinians have been murdered as collaborators by fellow Arabs.

By Hugh Carnegy in Jerusalem

Events over the past nine months offer little hope for the Palestinians that the fourth year of protest will bring progress towards their aim of independence. The advent of a right-wing Israeli government and the withdrawal by the US from talks with the Palestine Liberation Organisation dashed hopes for peace talks. Instead there has been a marked rise in the number of

violent attacks on Israelis,

deepening Israeli fears and helping to harden Israeli opinion against concessions. Yes-terday, Mr Yuval Ne'eman, a cabinet minister and leader of the far-right Tehiya party, threatened that Palestinians would be forced to leave the occupied territories if they reverted to use of arms in the

Fear of attacks and the pressure for employment from Soviet Jews flooding into the country have produced a move to reduce the numbers of Palestinians working in Israel, a vital source of income in the West Bank and Gaza.

The chief hope for Palestin-ians is that their cause will receive greater international attention after a resolution of the Gulf crisis - whatever the

# Menem announces reform of military

By John Barham in Buenos Aires

PRESIDENT Carlos Menem has announced a wide-ranging reform of Argentina's armed forces. The reform will dilute the heavy concentration of military power in the capital, Buenos Aires, by moving units to the interior and to border

The government also hopes that the five-year reorganisation will reduce the forces' political role. Military interventions since 1930 have reduced the average life of Argentine governments to less than two years. The plan is also intended to strengthen military discipline, shaken by four mutinies in three years.

Ironically, the reform was to have been announced last poned when 300 troops staged the latest uprising. However, the reorganisation is not believed to have been a factor

The 43,000-strong army will be regrouped in six regional divisions, backed up by a rapid deployment force and an armoured force. Many units and installations will be closed or sold to improve efficiency and reduce costs.

Mr Menem promised to channel all privatisation proceeds into army coffers to reward the army's loyalty in last week's rebellion. The navy and air force will

be similarly restructured. The navy's operations are to be concentrated in southern Argentina to improve fisheries control around the disputed Falkland Islands.

Critics, however, point out that the reforms are not likely to resolve fundamental problems, such as establishing a raison d'etre for Argentina's military now that conflict with its neighbours, Chile and BraCanadian liberal set for victory

MR JEAN CHRETIEN, the Trudeau-era veteran chosen last June to succeed Mr John Turner as leader of the federal Liberal party, was widely expected to win the rural rid-ing of Beausejour in a by-election in New Brunswick today, Robert Gibbens writes from

Montreal

Mr Chretien left active politics for four years while Mr
Turner led the Liberals, and ran in the Beausejour election to obtain a seat in the Com-mons in Ottawa. Beausejour, whose voters are mostly francophone Canadians, Acadians, has been a Liberal stronghold for 50 years. However the New Demo-

cratic Party ran a strong local candidate, and several fringe candidate, and several mige parties also fielded candidates. Liberal organisers expected a relatively small majority. Mr Chretlen has promised to launch a campaign for Canadian unity.

# Colombians taking softer line on drugs while voting takes place for assembly

year ago, which fuelled popular outrage against the traffickers. "The whole press is bos-

tage - we can't write anything

that would risk the lives of our friends," said a reporter on the Bogota daily, El Tiempo.

The heads of the two institutions with the greatest anti-

by Sarita Kendall in Bogota

COLOMBIANS voted yesterday to elect a 70-member constitu-tional assembly, as the coun-try's mood swings away from indicting drug-traffickers to a search for peace at almost any

Conservative, Liberal and left-wing candidates are all eager to stop the extradition of nationals, to applaud negotia-tions with traffickers, and to discuss giving political status to the cocaine gangs. The gov-ernment has promised "dignified and decorous quarters" for the 200 or more traffickers apparently prepared to give themselves up and serve reduced sentences. However, the deal may be

done before the constitutional assembly begins its five months' sitting on February 4. The decree guaranteeing no extradition for traffickers who surrender and confess has already been modified once, and President Cesar Gaviria is to announce further changes. Eight journalists are still in the hands of the Medellin cartel, and selective kidnapping

has proved a more effective

weapon than the bombs of a

drug successes to their credit

- the national police and the
security police - have just been removed from the main policy-making council on nar-cotics. At the same time, a secret police report says that

cocaine production is rising.
Although President Cesar
Gaviria has worked harder than anyone to push through the constitutional assembly, his own Liberal party is in such disarray that opposition groups are expected to do well

in the voting.

Security forces reported a massacre of six people by leftist guerrillas and skirmishes with rebel groups seeking to disrupt the poll, adds Reuter from Bogota.

The army said the bodies of five men and a woman had been found in Sabana de

Torres, 250 km (160 miles)

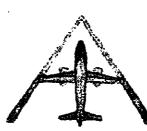
north of Bogota. It said the rebel National Liberation Army (ELN) had claimed

responsibility.
Soldiers killed two ELN guerrillas after the rebels set up a roadblock near the oil refining centre of Barrancaber-meja, stopped vehicles and took away passengers' identity cards to prevent them from voting, Defence Minister Oscar

Colombian Revolutionary Armed Forces guerrillas wounded two soldiers in the south and ELN rebels killed a policeman and wounded two others in an attack on a village in the central region, security sources said.

Military sources say the FARC and ELN, Colombia's biggest guerrilla groups, planned to disrupt the elections, apparently because of their exclusion from the assem-bly. Gaviria offered the guerrillas a seat if they laid down their arms but peace talks broke down.

Despite the violence, officials said the country was generally calm and all polling stations



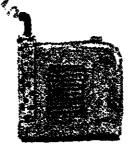




BIOTECHNOLOGY



CARS, TRUCKS & BUSES



DIESEL ENGINES



ELECTRONICS



**FORKLIFTS** 



**GARMENTS & TEXTILES** 



HOTELS & HELICOPTERS



INDUSTRIAL ROBOTS



JET PARTS



KEYBOARDS



LASER-CUTTING MACHINES



MICROCHIPS



**N**EGOTIABLE BONDS



OPTICAL FIBERS



**PESTICIDES** 



QUALITY CONTROL



ROAD CONSTRUCTION



SHIPBUILDING



TELECOMMUNICATIONS & TOOLS



Uranium development



VALVES







YARN & YACHTS





Some of the most respected names in the business world have formed partnerships with Daewoo. And no wonder. Daewoo is highly innovative, quality oriented and technologically advanced in practically everything from A to Z. And at the rapid rate Daewoo keeps innovating, it might not be long before we have to invent a whole new alphabet.







X-CAVATORS



ZERO-DEFECT EFFORTS



By John Murray Brown in Ankara

TODAY'S parliamentary debate on the Turkish budget will provide opposition parties with the first opportunity to challenge the government's economic policies since the start of the Gulf crisis four

months ago.

Although the ruling Mother-land party (ANAP) enjoys a comfortable 60 per cent majority in the assembly, the government is likely to have a rough ride amid growing union unrest, rising inflation and concern in some quarters over the increase in funds used to support the Religious Affairs Ministry.

The debate will be opened for the government by Mr Adnan Kahveci, finance and customs minister, with both opposition leaders – Mr Suley-man Demirel of the conservative True Path party, and Mr Erdal Inonu of the Social Democrats - due to reply.

The government is predict-

ing the economy will grow by 5.7 per cent in the coming year, compared with about 9 per cent for 1990. But given the uncertain impact of the Gulf crisis, many economists believe that this is too optimis-After recent criticism from

the International Monetary Fund, the Treasury was last week said to be revising its

spending plans.
Turkey's 1990 budget envisages total spending of TL105,000bn (£18.9bn), with debt servicing and personnel costs accounting for more than 70 per cent. Revenues are targeted at TL80,000bn, leaving a deficit of

about TL20,000bm, or about 6 per cent of GDP. Despite broad cuts in trade taxes overall, tax collection has been improved, with revenues up 73 per cent in the first 10 months of 1990, according to government figures.

However the published figures do not include subventions to state enterprises or the extra budgetary costs, which economists say are behind the level of the public sector bor-

According to the latest OECD report on the Turkish economy, the funds help fuel the country's sustained high inflation, now running at about 55 per cent. The funds were originally set

up to facilitate government spending in vital areas like housing and support for the poor, but they are now criticised by the opposition as an important tool of government

paironage.
The dismal record of the government's privatisation policy is likely to be another topic discussed. Attempts to privatise state enterprises have met a slow response, despite encouragement from President Turgut Ozal.

# Senior executives sceptical of single **European currency**

By Peter Marsh, Economics Staff

SCEPTICISM over the practical benefits of a single European currency and the speed with which it could be introduced has been voiced in an informal poll of senior executives in 20 of Europe's largest industrial companies.
The poli has been conducted

by the Financial Times on the eve of an inter-governmental conference which begins this week in Rome to debate the timetable for European economic and monetary union

Stage three of Emu is due, under the plans of some countries, to coincide with a single, common currency to reduce transaction costs across Europe and to aid the establishment of a single market. A new European central bank would control monetary pol-

Of the 20 companies contacted from Germany, Britain, Switzerland, Denmark, Italy, France, Belgium and the Netherlands - 15 registered doubts about either the usefulness of the currency or the likelihood of its introduction within the foreseeable

Several executives said that, whatever they thought of the prospects for a single currency, the chances of its implementation had been improved by Mr John Major's succession as British prime

Mr Gerhard Liener, finance director of Daimler-Benz, the German automotive, engineering and aerospace company, said he thought Mr Major would take a more positive

view of a single currency. Mr David Sainsbury, deputy chairman of J. Sainsbury, the British supermarket group, said discussions about Emu were likely to be "less emo-tive" with Mrs Margaret Thatcher out of office.

A number of senior com-pany officials said they doubted whether the political and economic conditions for the introduction of a common currency, along with the establishment of the new central bank, could be satisfied within the next decade.

The lack of uniformity in

the economic position of dif-ferent European countries was a particular problem.
Mr Jan Roxendal, president

Mr Jan Roxendal, president of treasury operations at Asea Brown Boveri, the Swiss-based engineering group, said many politicians were displaying "wishful thinking" over the question of a single currency. At Volkswagen, the German car group, Mr Rutbert Reisch, group treasurer, said the discussion was "largely academic". Mr Tony Lighterness, deputy finance director at

Nov. 90

# RTZ, the British metals and

demand, indirectly benefiting

But a number expressed

doubts about how much

advantage their companies

would gain through a reduc-tion in exchange risk on inter-nal financial transactions.

awful lot of difference."

Executives at Philips, the Dutch electronics group, Ares-Serono, the Swiss pharmaceuticals company, Fiat, the Italian car company, and Solvay, the Belgian chemicals group, all voiced optimism about the progress related to the single European currency.

European currency.
Those expressing negative

or doubtful sentiments included officials at Veba, BASF and Metallgesellschaft,

three large German companies in energy, chemicals and engi-

meering respectively; Lego, the Danish toy group; Smithkline Beecham and Fisons, UK drugs companies; and the British head office of International Business Machines, the US

computer company with extensive operations in

Nov. 89

**WORLD ECONOMIC INDICATORS** 

RETAIL PRICES (1985=100)

Sept. 90

**NEW CANADIAN GOLD MAPLE LEAF** 

pure gold. Now available from the largest retailer of gold coins in the U.K. We offer highly competitive prices, whether you are buying or selling.

SPINK & SON LTD, 5 King St St. James's, London SWIY 6OS Telephone: 071-930 4772

Produced by the Royal Canadian Mint in

Sept. 90

107.5

Aug. '90

135.4

their companies.

mining group, said: "I doubt if we will see it [a single cur-rency] introduced this cen-According to Mr Reto Domeniconi, vice-president in charge of finance at Nestlé, the Swiss foods company, the games. Documents detailing that

pace of discussion on a single currency would probably decline in the next few years, a result of the general economic slowdown affecting Europe. Several executives could se the advantages of a single cur-rency in terms of this leading to a more cohesive market-That could stimulate

> An ETA bomb squad was last active in Catalonia three years ago; its three-member unit was arrested in September 1987 and was charged with seven attacks, including an explosion in a city super-market which killed 21 shop-

They were also sceptical about the degree to which a single currency would help their companies in trade. Mr Bjarne Knudsen, treasurer at Novo Nordisk, the Danish drugs and enzymes company, said the extra gains through reduced currency risks would be marginal com-pared to those already achievable due to most European currencies belonging to the European exchange rate mech-

Mr Michel Delrue, director of financial services at Rhône-Poulenc, the French chemicals company, said: "For compa-nies like us, the benefits [of a single European currency] have been overrated."
At British Airways, Ms Catherine Macfarlane, foreign currency manager, said: "We use 147 currencies to take into account all our worldwide operations.

"A single European currency would not make an awful lot of difference."

The car bomb brought the number of ETA victims this

# Six Spanish policemen die in blast

By Tom Burns in Madrid

A CAR bomb which killed six policemen and severely injured two in Catalonia's manufacturing centre of Sahadell at the weekend has cast the shadow of the Basque separatist organisation ETA over Spain's 1992 summer Olympic

the Olympiad, due to be staged in nearby Barcelona, was con-sidered a priority target by ETA were found in the possession of a leading ETA member arrested in south-west France three weeks ago. After's Satur-day's attack, Mr Jordi Pujol, chief executive of Catalonia's omous government, said: "ETA appears to have reconsti-tuted a nucleus for terrorist action [in the Barcelona area]."

pers.
In Saturday's bombing, a stolen car packed with explosives was detonated alongside a minibus transporting policedell's football stadium. Extensive roadblocks and the circulation of photographs of two ETA suspects believed to be active in the area had apparently failed to uncover any leads 24 hours after the

The main fear of security officials in both Madrid and Barcelons is that ETA has been able to establish itself in Catalonia thanks to its links with a Catalon amount called Catalonia thanks to its links with a Catalan group called Terra Lliure, which shares broad secessionist aims with the Basque organisation and also opposes the 1992 Olympics. Terra Lliure, which collaborated with ETA's Barcelona unit in 1987, has a low operational level but an allegedly extensive network of symmatilisers.

# Cable & Wireless undertakes Polish telecoms venture long term commitment of the

By Anthony Robinson, East Europe Editor

announced its first foray into the east European telecommu-nications market last week with the signature of a memorandum of understanding with the Polish PTT Ministry to set up a modern digital telecom-munications network for the city of Gdansk.

the first beneficiaries as C&W will make international digital services available to some several hundred businesses in Poland's major port within three months of receiving final approval for the project. Pay-phones and payfax will also be made available to the general

The network will connect

33,000 subscribers within three to four years and at least 450 000 business and residential customers within seven to 10 years involving an investment of over £200m (\$384m). Financ-ing arrangements have not yet been finalised.

C&W expects to be granted a 25 year licence to operate and manage the network in co-operation with regional and national operators, although in the first instance it will work with the PTT ministry.

Poland is currently involved in a large scale privatisation programme and the future shape of the industry will be determined by this. Mr Gordon Owen, C&W managing director, stressed the

company to its Polish venture.
It is expected to be the precursor of similar deals in a region with poor telecommuni-cations and an urgent need for better links, as trade and investment flows westward and privatisation raises the number and quality of domes-

# Italian engineering pay talks collapse

By John Wyles in Rome

THE TWO sides of Italy's engineering industry appear to he squaring up for their most serious confrontation in nearly a decade, following the collapse of pay talks covering 1.5m workers at the weekend. Traditionally, national engineering deals set the pace for much of the Italian private sector whose main representator, whose main representa-tive, Confindustria, has been pressing the engineering employers to hold the line on Trades unions have called

for a 16-hour reduction in the working year, spread over three years. During negotiations since April, the unions have called

nearly 40 hours of strikes and three nationwide four-hour stoppages.

Following the collapse of negotiations the three national union confederations also

claimed that an agreement made with Confindustria last summer to begin talks next June on a reform of pay bar-gaining had been nullified.

Mr Carlo Donat Cattin, min-ister of labour, stepped in in

September to play a mediating

In the last fortnight, however, he has made no secret of his exasperation with the employers and of his belief

employers and of his belief that they should accept his compromise proposals.

These provide for a monthly 1.250,000 (\$220) pay rise over three years, a lump sum payment of 1.840,000 and a 16-hour cut in working time.

The employers say his pay proposals alone — which they are prepared to accept — will lead to a 26 per cent rise in labour costs over four years, compared to 15-20 per cent among Italy's main competitors.

has lost 7.7 per cent of competi-tiveness on labour costs against Germany since 1980 and the lira's entry into the narrow band of the exchange rate mechanism - the 2.25 per cent margin of fluctuation. This they say leaves them no room to concede labour cost increases higher than in other leading industrialised coun-tries.

# **Operation Gladio fallout** deepens around Cossiga Venetian magistrate, Mr Felice

THE torment inflicted on Mr Francesco Cossiga, the Italian president, by Operation Gladio — the Nato-inspired guerrilla force to be activated following a hostile invasion - looks set to deepen this week, following indications that he has already considered temporarily stepping down, writes John Wyles. This week Mr Cossign is to testify to a parliamentary com-mittee on his knowledge of and

involvement in administering Gladio as a junior defence min-ister in the second half of the This will follow the publica-

tion today of revelations by Mr Antonio La Bruna, a former head of Italy's military police - the Carabinieri - that tape-recorded interviews made during investigations into a mili-tary coup planned for 1964 had been heavily doctored on politi-cal instructions. Mr La Bruns reportedly mentioned Mr Cossign's name in evidence to the

One line of inquiry being worked on by magistrates is that the Gladio underground network, apparently heavily populated by right-wingers, was to be put at the service of the attempted coup leaders. The Italian press is now sug-

gesting not only that Mr Cossiga may temporarily hand over his powers to the president of the Senate, Mr Giovanni Spa-dolini, but also that the Socialists may bring down the gov-ernment of Mr Giulio Andreotti After a cabinet meeting on Friday, Socialist they did not subscribe to a gov-ernment statement that Gladio had been a constitutionally

legitimate organisation.

Mr Andreotti insisted that this position be taken to head off a threat apparently made by President Cossiga on Friday morning to step aside.

#### De Maizière denies Stasi link By Andrew Fisher in Frankfurt

MR Lothar de Maizière, former East German prime minister who is in line to become justice minister in the newly elected German government, vigorously defended himself at the weekend against renewed allegations that he had worked for the Stasi, the east's hated state exercity services

vice were published in the latest edition of Der Spiegel, the weekly magazine. The allegations against him surfaced after Mr Joachim Gauck, the after Mr Joachim Gauck, the official in charge of Stasi files, told the Bonn government that a filing card had been found with the codename Czerny and an address allegedly identical with that of Mr de Maizière in cart Russia.

# Gaullist Party officials met over the weekend to discuss the selection of fresh RPR can-didates for the by-elections which must be held in the security service Details of Mr de Matzière's alleged activities for the serthree constituencies within the next three months.

# Tim Dickson on a looming battle between Europe's government postal services and the private sector

Couriers give stamp of disapproval to postal blueprint

sumer group recently
put Europe's post
offices to the test – and found
them wanting.
The group mailed almost
4,000 letters from the 12 Euro-

pean Community countries and Switzerland. It found that and Switzerland. It found that average cross-border delivery times ranged from 2.7 days for letters posted in Belgium to more than 5 days for letters sent from Italy.

A similar picture of inefficiency emerges from internal figures supplied by national post offices to the European Commission.

These show that fewer than 40 per cent of letters meet the post office association's target of delivery on the third day after mailing.

For many, notably the escalating number of express

courier services which are pressing to provide a more efficient service, the conclusions are clear. Postal administrations are ill-equipped to deal with the growing business demands of a single European market, and their long-stand-ing monopoly privileges must

The stakes are particularly high for groups such as Federal Express, DHL and TNT, which have been spending heavily to set up pan-European distribution networks. They are desperate for higher volumes of business to earn a return on their investments; all three groups now lose money in Europe.

Over the last couple of years the express couriers have launched an energetic lobbying campaign to persuade the EC to bring forward radical pro-

FRANCE'S largest conser-

rative opposition party, the Gaullist RPR, was hit over the weekend by the third in a series of resignations.

Mr Jean-Michel Dubernard, an MP in the Rhone area, gave the beauty and the series are the series of the series and the series are the s

up his party membership and his parliamentary seat only days after two of the party's best-known figures did the

same.

Mr Dubernard is a close supporter of Mr Michel Noir, the former foreign trade minister and present mayor of Lyons, France's second city, who was the first to resign. He was followed by Ms Michèle Barzach, former junior social affairs

posals for reform.

Brussels has finally responded with a long-delayed draft green paper, presented to EC countries' postal experts last week and due for publication early next year. However, the Commission appears cautious about any sweeping charge.

change.

Its reluctance stems not just from the political power and size of the national post offices; they employ 1.25m people in the Community. It also arises from the conflict between communities officiency and social petitive efficiency and social welfare obligations, a familiar dilemma posed by deregula-

At stake, say post office supporters, is the continuation of a universal postal system guar-anteeing regular deliveries to EC citizens in the remotest regions of the Community, at a standard price. Stripped of their monopoly rights in the more densely populated areas, for example, they could not afford to maintain services in remote regions.

Meanwhile the market place

has become increasingly com-Express courier groups are squaring up for a fight and are winning some heavyweight financial backing. Earlier this year Lufthansa, Japan Airlines and Nissho Iwai, a Japanese trading house, together

acquired a majority interest in DHL. Reliable estimates of the couriers' market share are hard to come by. The Association of European Express Carriers puts the value of their annual business inside the EC at Eculs.7bn (£10.9bn), of which ECul4.2bn is conducted within individual countries. Next of individual countries. Most of the couriers' international traffic is between the Community and the rest of the world. Some post offices are fight-

A man representing Shchit (Shield) alliance for the protection of the rights of army

servicemen shouts anti-Gorbachev slogans in a march on Gorky street yesterday to mark the anniversary of the death of Andrei Sakharov, the Soviet human rights campaigner, and International Human Rights day.

French opposition party suffers a new

setback with resignation of third MP

minister.
The resignations are a pro-test against weaknesses in the RPR leadership and against

infighting evident in most of France's established political

Mr Dubernard criticised the "deep and lasting crisis that has become established in the national establishment and in

Mr Jacques Chirac, RPR

He said the RPR had known

president, reacted calmly to the resignations, the most dra-

matic in a series of protests against his leadership style.

"occasional family quarrels", but that in the end "unity and

ing back with new premium mail operations, such as Britain's Datapost and France's Chronopost. But a group of express couriers is threatening to take Chronopost to court alleging producers and to court, alleging predatory pri-cing and unfair cross-subsidy. Delivery services are also under pressure from new tech-nology, such as facsimile machines and electronic mail.

Judging by early reactions to the Commission's initial ideas, a bitter battle can be expected. Already the air is thick with accusations from the private sector claiming that policy-makers in Brussels lack the courage of their political and economic commitment to

Mr Jim Campbell, adviser to the powerful European Express Organisation, said on reading the first draft: "Even Rowland Hill, founder of the modern post office in 1840, took a more enlightened attitude towards the postal monopoly."
Faced with these conflicting pressures, the Commission is

trying to steer a middle course. Its draft document argues that monopolies for letters and printed papers ought to be retained to cover the fixed. costs of the network, and that "the foundation of the Commu-nity's postal policy must be the requirement to ensure univer-sal service."

solidarity would gain the upper

Mr Noir has tried several

times to mobilise a conserva-

tive reform movement, including supporters in the RPR and

party culminating in the launch earlier this year of the United Forces group, embrac-ing young conservatives from the respectable right wing par-



MARKET

These exclusive rights, it asserts, are fully provided for within the Treaty of Rome, "provided that the least restric-tive option is sought". Precisely where the line will be drawn is not clear from the

Brussels discussion document, which favours criteria based on weight and price. It strongly recommends that the weight limit on letters and packages be set at less than 500g, as opposed to the 1kg to 2kg - and up to 7kg in one case - which national post offices in the EC typically consider to be their privileged However, the attitudes and practices of individual national

practices of individual national post offices vary considerably. The most liberal are the British, Dutch and Belgians, while in Germany the free-market Economics Ministry is pressing for a relaxation of the Deutsche Bundespost's monopoly. The Netherlands is winning business away from more conservative countries by offering unusually low charges for bulk mail from the rest of Europe to destinations outside the EC.

Regulation is generally most strict in southern Europe – at least in theory – although action by the Commission's

action by the Commission's competition department has compelled Italy to open its domestic market more widely to independent courier ser-

The Commission is particularly ambiguous when dealing with cross-border mail in the EC, where it admits the service

It points out that "service improvements introduced in recent times by postal adminisrecent times by postal adminis-trations seem to have been directly stimulated by the pres-ence of competition" and con-cludes that "there do not seem to be significant economic rea-sons for including intra-Com-munity services in the reserved area."

munity services in the reserved area."
Yet the report also refuses to rule out the option of sanctioning a continuing monopoly in this area — even though most post offices have not, in prac-

tice, always enforced that monopoly.

Groups such as the Euro-

pean Express Organisation can take heart only from the asser-tion that much more "detailed work" has yet to be carried out. Other Commission conclu-

sions are more encouraging to advocates of liberalisation. It says post offices should be stripped of their regulatory functions, that predatory prioring by the monopoly operators should be outlawed by minimising cross subsidies, and that the system of charging between national postal administrations for delivering each others' mail, known as terminal dues, should reflect costs. One issue barely discussed so far is the treatment of postal services by customs and taxation services. sions are more encouraging to

services by costoms and taxation services.

In a recent letter to Sir Leon Brittan, the EC's competition commissioner, Mr Bertie Coxall, chairman of the Association of the Smaller European Express Carriers (whose members include DHL and British Airways), claimed national customs authorities were discriminating against the express and parcel services of private carriers by according the post offices "easier, cheaper and faster methods of customs processing".

The message to lobbyists is now clear — they must act early if they want their voices to be heard.

Additional research by Paul tion services.

Additional research by Paul Abrahams

g rade but Li My manange Well if y "My thou ill took a c "Yes it's

March of the

15 35

sde navid

at a transition

phosic th

bok a like

Me Bron W

de houser die

he thought.

and a countr

When ti

The mas

The lags from believe can do bus and With 11

FINANCIAL TIMES MONDAY DECEMBER 10 1000

# A businessman in the field is worth two in the office.

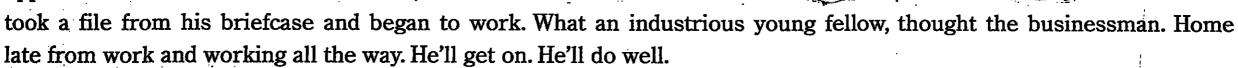
NE DAY a small businessman woke up to find he was no longer a small businessman. His business had grown. He now employed over forty people. They'd moved offices once and were already looking to move again. The small businessman had become a middle-sized businessman. To go with his middle-sized business, he had a middle-sized overdraft, a middle-sized ulcer and more of a middle. He was also more than mildly disillusioned.

"I no longer see anyone anymore. I spend all day in meetings with my managers or all day behind a computer. Where are the clients who helped me build this company? I never see them."

What also troubled him was the thought that if he wasn't seeing his clients, and his managers weren't seeing his clients, who was? Other companies with other offers,

he suspected. "Trouble is," he said to himself, rattling home on a late train, "you simply can't be in two places at the same time."

A blast of cold air from the outside world announced the arrival of a fellow-passenger. He sat down opposite the middle-sized businessman,



The businessman looked out into the night. Everything was shiny, wet black. Not long to go now he thought. I'll soon be home beside my fire. Only another thirty minutes. Enough time, perhaps for a small whiskey in the dining car. Why not, he thought. Why not indeed.

When the middle-sized businessman returned a little later he noticed the young man was still working. But now he had a computer. A portable computer it seemed. A Toshiba. "Excuse me," said the businessman, "I hope you don't think me rude but I can't help noticing your computer. You see I have a computer too, back at my office. But that's just the problem. My managers and I spend more and more time behind our PCs and less and less time with our clients' MDs."

"Well if you're not spending time with your clients' MDs who is?" said the young man.

"My thoughts exactly," said the businessman. "This very question has been troubling me for some time. Would you mind if I took a closer look at that screen on your computer? It's very clear, isn't it?"

"Yes it's a VGA plasma screen. Something you don't normally get on a battery-powered portable PC. Would you like to see more?"

"I thought you'd never ask," said the businessman.

These days the businessman's business is no longer middle-sized. It has grown considerably bigger. The whole office now uses Toshiba portable PCs. Switching over was a doddle. A Toshiba PC runs all the software the company was using, Microsoft Windows, Lotus 1-2-3 and Microsoft Word. It connects into the office network and can address the company's mainframe. The 386SX technology makes it a faster computer and 80 megabytes is far more storage than they've ever had with desktops.

The big businessman as he now most surely is, got his people out from behind desks and back into clients' offices. With Toshiba PCs they can do business and talk business at the same time, on their computers and with their clients.

He's solved the problem of being in two places at the same time.

Or FREEPHONE 0800 282707.	Freepost, Addlestone Road, Weybridge, Surrey, KT15 2Bi ce. Please send me details of Toshiba's portable PC range
	Position
COMPANY	PHONE
ADDRESS	
	POSTCODE
PREFERRED DEALER (If any)	
	±4

In Touch with Tomorrow
TOSHIBA

ALL REGISTERED TRADE MARKS ACKNOWLEDGED.

ladio fallout nd Cossiga

ms venture

collapse

nies Stasi

ueprin

# to overhaul audit practices

By David Waller

THE Labour party's frontbench trade and industry team is considering proposals for a radical overhaul of accounting and auditing in the UK.

The proposals, drawn up by Mr Austin Mitchell, Labour MP for Great Grimsby, recommend a mandatory change of auditors every five years for quoted companies, a statutory defini-tion of auditors' responsibilities and that accountancy firms should be banned from providing consultancy services

The proposals are the latest stage in a sustained attack on the accountancy profession by Mr Mitchell, who was until last year an opposition trade and industry spokesman. Whether or not they are adopted as official Labour party policy, the proposals may worry UK accountants as an indication of what life might be like under a Labour government.

Mr Mitchell believes that the

recent series of company insolvencies demonstrates the fall-ure of the accountancy profes-sion to regulate itself. His recommendations include: Auditors' responsibilities to be defined by statute in the same way that directors' responsibilities are spelt out in Company Law. At present, auditors are simply required to

By Ian Hamilton Fazey

LITTLEWOODS, the British

retail clothing, mail order and financial-services group, has

set up two joint ventures in

Leningrad to manufacture and

market clothing in the Soviet

The Liverpool-based com-

pany has confirmed the deals

but has disclosed no details.

Tass, the Soviet news agency, reported that Mr Fran-

cis Ball, Littlewoods' develop-

ment director, was in Leningrad last month to launch the

One venture involves Gostini Dvor, a leading Leningrad



Austin Mitchell: radical

report fraud to regulators. Such requirements already exist for auditors of banks and some financial services organisations. The proposal is that they should apply to the auditors of all large companies. Auditors must be prepared to "actively" satisfy them-selves that a business is a

Littlewoods forms Soviet links

department store, which is to sell Littlewoods clothes.

ment is with Mayak Amalgam-ation, which will make cloth-ing to Littlewoods' speci-

According to the Novosti press agency in London, the

venture will enable Mayak to use new materials and learn

new manufacturing technol-

Mayak hopes the arrange-ment will eventually help it to

market and sell Soviet-made

clothes in the west.

The manufacturing agree-

for manufacturing and sales

sion has come in for much criticism that audited accounts provide no indication as to whether companies are on the brink of collapse. Audit reports should spell

out what auditors are responsi-ble for, and should comment specifically on the adequacy of the company's internal financial controls Audits of quoted companies should change hands every

five years. Auditors not to be allowed to provide services such as consultancy, book-keeping. executive recruitment or actu-

arial advice to audit clients.

If an auditor resigns an audit, the reasons must be made public. An independent body to be set up to award the audits of large publicly quoted compa-nies, in order "to free auditors from the purse-strings" of

In the accounting field, Mr Mitchell's proposals recommend: a legal requirement for companies to publish cash-flow statements; balance sheets to be reformed so that assets are carried at market value; and companies should publish

profit forecasts. Finally, companies should disclose the expenditure they have made to control pollution

Raleigh International, the

Nottingham-based bicycle man-ufacturer, is to enter a joint venture with the Soviet Union

to make bicycles using tita-nium as structural material.

The UK company will supply

the technology for a Soviet mil-itary factory to produce 100,000

bicycles a year in a venture that might be worth £4m a year to Raleigh.

agreed in return to supply the Nottingham factory with tita-nium for 30,000 frames a year.

The UK bicycles are expected

to sell for £1.000 each.

The Soviet authorities have

By eliminating the short-term volatility of ster-ling, ERM membership would damaged the performance of British exports. Britain's interest and infla-

tion rates were likely to con-verge more rapidly on German levels than those of France and Germany after they entered the ERM, the study predicts. The transition would be more painful, however.

sterling's scope for deprecia-tion was limited by the deci-sion to join near the centre of

The study says: "The UK will not be afforded the luxury of the relatively gradual squeeze on cost inflation operating through loss of international competitiveness, cushioned by realignments within the ERM which characterised France and Italy in the early 1980s.

# Labour studies proposals | Warning of inflation threat to jobs

inflation remains high, the Confederation of British Industry warns today.

UK membership of the European exchange rate mechanism has moved the economy into uncharted territory, the CBI says. Even if the UK succeeds in reducing inflation, it is still likely that unemployment will rise by 500,000 over the next

The CBI's predictions come in a report analysing the for- 15 to 3.5 per cent between 1982

UK UNEMPLOYMENT may increase by more than a million by 1994 if wage and price French experience in the ERM after 1983 represents the closest parallel to the UK, according to the authors of the report. They are Professor Douglas McWilliams, the CBI's chief economic adviser, and Mr

Douglas Godden, an economist. Inflation in France fell from 12 per cent to 3 per cent between 1982 and 1986 at a cost of a 500,000 rise in unemploy-

"While the same prize of

more durable growth is cer-tainly there at the end of the

tunnel, the road under the 'new look' ERM is rough and unforgiving." The study finds

that exporters with relatively stable national currencies have

been far more successful in capturing market share than competitors with volatile

ones.
The study argues that erratic

sterling movements have hurt Britain's export performance in

three ways:

They undermined efforts to

develop brand loyalty by deter-ring foreign consumers and

encouraging retailers to drop UK products when their prices

• They discouraged foreign customers from making

long-term commitments to invest in British machines and

the training and spare parts needed to operate them.

• They made it harder for

British exporters to bear the

short-term losses involved in

launching new products

A more stable export flow

Over time, this will help

should make it easier to justify such investments, the study

British exporters to sell on the 'value added' of a total prod-

WILL ERM entry make British

companies more competitive?

Business Strategy Review,

Autumn 1990. London Business School, Sussex Place, London

NW1 4SA. Tel: 071-262 5050.

**NEWS IN BRIEF** 

uct-service-sales package.

rose on sterling appreciation.

and 1987 was essential in achieving the reduction in price inflation, the report says. "This resulted essentially from management action, although it was buttressed by the effect of

government policies."

The CBI appears less confident in the ability of British management to achieve a rapid fall in wage inflation. In its latest economic forecast, published two weeks ago, the CBI predicted that average earnings would grow by 9.3 per cent next year, compared with 9.8 per cent in 1990.

The CBI projected a further fall in earnings growth to 7.9 per cent in 1992. By then, unemployment will have risen to 2.1m in 1992 from 1.6m in

France's entry into the system was now considered a "resounding success" in spite of the rise in unemployment,

today's report says. Success in reducing UK inflation will depend critically on the extent to which the government can reduce wage and price inflation in the public sector, the authors add.

# Right-wing group calls for leading role in EC

By Edward Balls

THE Institute of Economic Affairs, one of the most influential right-wing groups during Mrs Thatcher's government, has urged Britain to take a leading and constructive role in the development of a new Europe.

In a report published today on the eve of this week's intergovernmental conferences in Rome, the IEA also criticises Britain's "negative and reactive" stand on Europe.

The report outlines an alternative "market-based vision of European integration", com-bining decentralised power and accountable institutions.

It included a "guaranteed" role for national parliaments and wider powers for the Euro-pean Parliament and the European Court of Justice.

"Britain must be a year ahead of the debates rather than six months behind at every stage," it says.
"Britain can be the voice of

free trade, the opponent of protectionism and trade blocs."

Europe's Constitutional Future, IEA, 2 Lord North
Street, London, SW1P 3LB, £8.95.

# ERM discipline will | Industry told to guard hurt, says study

BRITAIN faces a much harsher adjustment to the disciplines of the European exchange rate mechanism (ERM) than did France and Italy in the late 1970s and early 1980s, accord-ing to a London Business School study.

The study says that greater exchange rate stability will benefit British companies in the longer term, provided that they curb wage rises, improve productivity and strengthen their brands, marketing and distribution in Europe.

remove an important competi-tive disadvantage that had

Less frequent exchange rate realignments had made the ERM "harder" since 1987 and its 6 per cent fluctuation band.

# its interests better

By Michael Cassell, Business Correspondent

ORGANISATIONS representing British industry must raise their status and protect their members' interests better when EC standards and regula-tions are drawn up, the National Economic Develop-

ment Office says. Nedo will today host a meeting in London of UK trade associations and chambers of commerce called to discuss ways of improving liaison on

The organisation claimed

tative bodies in France, Germany and other European nations were proving to be "far more active and effective" in ensuring that European legisla-tion reflected the strengths and

The chambers of commerce and trade associations are also expected to say many EC states are operating rules unfairly, giving possible scope for protectionist tendencies.

# Call for private infrastructure funding

By Richard Tomkins, Transport Correspondent

CLEAR-CUT guidelines aimed at stimulating private-sector participation in road, rail and bridge construction are urged in a report from the National Economic Development Coun-

The NEDC's construction industry sector group also pro-poses that the government should set up a consultative mechanism to involve industry and other interests in private financing for transport infra-

structure projects.
Government efforts to attract private involvement in met only limited success,

Ford group

because the construction industry has often found rewards outweighed by risks. One of the industry's main criticisms of the present ad hoc system is that promoters of schemes are exposed to the unacceptable financial risk of investing heavily in developing proposed schemes, without any

The NEDC's report says private capital will only become involved in developing transport infrastructure projects if promoters are able to see clearly the associated risks and

UK CAR REGISTRATIONS - JANUARY-NOVEMBER 1990

Nov '89

Share%

26.20

1,946,097 -12,11

497.930 - 16.81

838,806 1,107,291 229,546

returns.

- 13.44 -21.55 -33.33

- 14,86

guarantee that they will go

It concludes that guidelines should be established, laying down a procedure for introducing private sector participation in infrastructure projects The NEDC's construction

industry sector group is to put its proposed guidelines to Mr Malcolm Rifkind, the new transport secretary, in the hope that he will endorse and implement them.

Private Finance for Public Infrastructure, NEDC Construc-tion Industry Sector Group, NEDO Books, Millbank Tower, Millbank, London SW1P 4QX

25.59

# Plus ça change...

The more things change the more they are the same. Herbert Smith has moved, with a new address and a new telephone number, but our commitment to quality and excellence in legal services remains unchanged.

All the Partners and staff of Herbert Smith in London can now be found together under one roof - in Exchange House, Broadgate.

Broadgate is located around Liverpool Street station and is one of the most accessible and prestigious



developments in the City of London. Exchange House itself has been described as 'the most exciting building in Britain!

Taking these new offices in Broadgate underlines our commitment to

the further development of the firm and the continuing improvement of services to our clients

# HERBERT SMITH

Exchange House, Primrose Street, London EC2A 2HS. Tel: 071-374 8000. Fax: 071-496 0043. Telex: 886633. Dx: No. 28.

= LONDON = BRUSSELS = HONG KONG = NEW YORK = PARIS

# DTI criticised over investor protection

LABOUR has accused the Department of Trade and Industry of complacency towards investor protection.

Ms Marjorie Mowlam, Opposition City spokeswoman, told a meeting in her Redcar constituency yesterday: "It is essential that, as we approach a single market in Europe for services, we must present a clean and we must present a clean and investor-friendly face.

"Failing to do that . . . lets the investors down, lets the industry down and knocks confidence in our European future. Ministers must realise that DTI stands for the Depart-ment of Trade and Industry not the 'department for taking

Cheltenham Tory

THE TORY party worker who attacked the selection of a black prospective parliamentary candidate for Cheltenham has been banned from the town's Conservative club.

Musical shares SALES of LPs have declined by

almost 20m a year compared with the mid 1980s. Compact discs, although more expensive, have leapt ahead, according to a report by Euromonitor, a market analyst. Pre-recorded cassettes are still the biggest sellers.

Construction output CONSTRUCTION industry out put in the third quarter was I per cent lower than in the sec ond quarter but 2 per cent higher than a year ago, figures from the Environment Depart ment show. Total new work was unchanged on the previ-ous quarter, but 4 per cent above the level a year earlier.

# Regus tunediately available. Fully mished and equipped offices.

Tel London + 44 71 752 2825

Brumels + 21 1 2557506 U.S.A. Tell Stee 200 776 53

# 325,456 312,907 974 11,575 272,551 178,958 119,646 -8.40 -6.77 +81.04 +0.37 -8.65 -10.00 -14.16 -13.99 +95.35 -8.56 +0.91 +16.14 -22.97 -24.12 -24.11 -28.37 -41.12 -40.52 -40.52 -40.52 -40.53 -41.67 +9.76 -48.93 -0.83 -0.83 -0.83 18.23 17.60 0.03 12.41 7.57 4.68 2.93 5.68 5.45 4.23 3.94 2.56 0.20 2.69 1.95 1.38 1.15 16.72 15.08 0.05 0.59 14.01 9.6.15 3.05 6.29 5.82 5.82 3.27 3.11 2.13 2.13 2.13 1.54 11,087 7,791 3,296 6,641 6,179 462 3,963 3,606 3,986 2,829 2,829 119 315 \$9,312 122,411 113,293 9,118 105,213 65,840 63,666 60,728 53,987 2,614 41,393 41,983

27.22

# New car sales down 18% last month

THERE was a faster fall in UK new car sales in November, when they dropped 18 per cent. Sales for the first 11 months this year were 12.1 per cent lower than in 1989. Leading the list of top ten

Ford Flesta (144,695), Ford Escort (137,588), Vauxhall Cavalier (133,989) and Ford Sierra (124,116). Ford, while still the clear

market leader overall, is suffering a continuing erosion in its market share, which was 25.1 against 26.4 per cent a year ago. Vauxhall, the UK subsid-iary of General Motors and its closest challenger, has gained ground to capture a share of 16.1 per cent share compared with 15.2 per cent a year ago.

Well Library

Stymonic Ro

No. and

# SAILING 1991

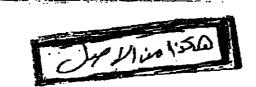
Whether for the purposes of investment, corporate entertainment, business or pleasure, yachts of all kinds can be seen as some of the most elegant and beautiful marks of status and high living, as well as some of the most exciting vehicles for sport and leisure.

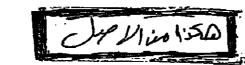
The weekend FT on 5th January will be looking at all aspects of the yachting world, in a special feature covering subjects ranging from yacht charter to the latest in superyacht technology and interior design.

So if you want to know what's what in yachts, see the Weekend FT.

To advertise in the yachting feature, 5th January 1991, in black and white or colour, contact:

Graham Loveluck-Edwards. Tel: 071-407 5632 Fax: 071-873 3079





Right-wing for leading

ture funding



last month

91







Mercedes-Benz is such a complete and satisfying The rewards of travelling interior, the memorable quietness, the suppleness S-class of the ride, the insulation from mechanical vibration.

You'll end, perhaps, with other equally pleasing thoughts. That a car of such pedigree can be priced so competitively (£31,680 for the 300SE, excluding delivery, road tax and licence plates). That Mercedes-Benz resale values are the envy of the car industry. And that the effortless on-road authority of all S-class models is as muscular as it is relaxing.

As you settle into your first S-class drive, take

a moment to mull over the reasons the flagship

car. You'll probably start with physical

impressions: the elegant embrace of the

### THE ENGINEERING OF INTERIOR REFINEMENT

This is the moment, too, to spare a thought for the engineering strategy that conjures such interior calm. From the double-layer door seals beside you, to the hydraulic engine dampers in front of you and the isolating suspension bushes beneath you, the S-class is nothing if not a highly sophisticated conspiracy of silence.

There's a restfulness here for the eyes as well as the ears. Inlaid with burr walnut, the interior is restrained yet sumptuous, functional but gimmickfree. Crafted to keep you alert as well as pampered.





ENGINEERED LIKE NO OTHER CAR IN THE WORLD

Bear in mind, also, that being a Mercedes-Benz, the S-class is built around a steel safety cell that's as strong as any in the motor industry. In

fact, this vital contribution to motoring safety - cushioned front and rear by energy-absorbing crumple zones - is a Mercedes-Benz invention. They patented it in 1951 and they've been improving it ever since.

And S-class owners, like all Mercedes drivers, enjoy a level of service that reflects the uncompromising standards of Mercedes-Benz cars themselves. Whether it's routine servicing or a road-side emergency that calls for the Europeanwide protective arm of the Touring Guarantee, you know you can depend on your Mercedes dealer.

### **OPTIONS TO EXERCISE**

Once you've familiarised yourself with the practical and luxury standard features of the S-class, why not indulge yourself? Glance through the options list for a refinement or two that will stamp an individual imprint on your car. (A refrigerator, perhaps?)

The seven S-class saloons dispense many rewards, but few are as seductive as the driving environment. Once you have relaxed into such an interior, you're unlikely to be satisfied with anything more commonplace.

#### **FINANCIAL TIMES CONFERENCE**

INTERNATIONAL BANKING London - 13 & 14 February 1991

The new decade finds the world banking inclustry at a critical juncture. The threat of recession in several leading economies is adding to the pressures on banks which have already been weakened by losses on real estate lending and the decline in stock market values. The Financial Times Conference on International banking will assemble a distinguished list of leading figures from the commercial, investment and central banking worlds to address the issues facing the industry from a wide geographical perspective.

Speakers include: Sir John Quinton of Barclays Bank PLC; Mr. Władysław Bake of Narodowy Bank Polski; Dr Gyoergy Suranyi of Magyar Nemzeti Bank; Mr John Flemming of EBRD, Sir Geoffrey Littler KCB of NatWest Investment Bank Limited; M. André Lévy-Lang at Compagnie Financière de Paribas; Mr Toru Kusukawa of The Fuji Bank, Limited and M. Jean-Yves Haberer of Crédit Lyonnais.

**EUROPEAN INSURANCE FORUM** London - 18 & 19 February 1991

New Markets, New Risks and corporate strategies for insurers in Europe will be the focus of this high-level management Forum to be arranged by the Financial Times.

Among the issues to be examined will be the effects of the non-life and life directives; the changing character of risks over the next ten years; Success in the new Europe - how leading players are adapting; Regulation and Finance - a level playing field?

The conference brings together leading figures from the inclustry as well as international experts on risk management including: Mr Humbert Drabbe of the Commission of the European Communities; Dr Roberto Pontremoli of La Previdente; Mr Peter Schroeder of Zurich Insurance Company; Mr H Felix Kloman of Tillinghast; Mr David Coloridge of Lloyds of London and David Rowland of the Sedgwick

CABLE TELEVISION AND SATELLITE BROADCASTING London - 26 & 27 February 1991

The ninth Cable & Satellite Conference comes as the industry seems poised for a period of unprecedented growth, despite the temporary effects of recession and the fall out from the creation of BSkyB. Deregulation continues to open up opportunities for new television services in Europe and the recommendations of the telecommunications duopoly review, whereby cable operators should be able to offer a full telecommunication service in their own right, will provide an important new stream of revenue for the industry.

The opening address will be given by Mr Peter Lloyd MP. Parliamentary Under Secretary of State at the Home Office. A distinguished panel of speakers will review the opportunities and pitfalfs including Mr Jean Dondelinger, EC Commissioner for Audio Visual Affairs, Mr Michael Checkland, Director General of the BBC, Mr Stewart Blair, Chief Executive Officer of United Artists Entertainment, Mr Leonid Kravchenko, Chairman of the USSR State Committee for Television and Radio and Mr Bernd Schiphorst, Managing Director of

All enculries should be addressed to: Financial Times Conference Organism 126 Jermyn Street, London SWIY 4UJ. Tel: 071-925 2323 (24hour answering service), Telex: 27347 FTCONF G, Fax: 071-925 2125.



DOLLAR Where Next? CAL Futures Ltd Windsor House 50 Victoria Street London

#### WORLD INDUSTRIAL REVIEW

The FT proposes to publish this survey on January 14 1991. It will be of particular interest to 54% of Chief Executives in Europe's leading companies and 94% of Captains of Industry in the UK who are FT readers. The US Senate and House of Representatives receive hand delivered copies of the FT Daily. If you want to reach these important audiences, call Brian Heron on 061 834 9381 or fax 061 832 9248.

FT SURVEYS

### INTERNATIONAL **ADVERTISING**

The FT proposes to publish this survey on 11 FEBRUARY 1991.

The Financial Times reaches 71% of senior businessmen in the UK who's main area of responsibility is in marketing or advertising, publicity, PR, public affairs. If you want to reach this important audience, call Andy Barrons on 071 873 3201 or fax 071 873

### **FT SURVEYS**

#### INTERNATIONAL PROPERTY **ADVERTISING**

appears every Saturday in the Weekend FT. For more information call Lourdez Bellis

071-873 4839

### UK NEWS

# Opposition renews its call for scrapping of poll tax

THE OPPOSITION Labour party last night sought to regain the political initiative in the community charge debate by making abolition of the tax a precondition for its co-operation in measures to soften the short-term impact.

The controversial commu-nity charge, or poil tax, was introduced by the Conservative party as a replacement tax for local services.

Mr Bryan Gould, opposition environment spokesman, said that, if its terms were met, Labour would co-operate fully should the government want to introduce laws before Christ-mas to alleviate the worst excesses of the poll tax.

His comments followed the call last week by Mr Michael

call last week by Mr Michael Heseltine, the environment secretary, for all-party talks on the community charge.

Labour has rejected his proposal as a gimmick with Mr Gould last night describing it as merely a "device to paper over the cracks".

Mr Heseltine will this week finalise details of the team of civil servants who will be civil servants who will be given responsibility for consid-

ering proposals for revamping local government finance. Headed by a senior civil servant, the team will include up



Bryan Gould (left) challenges Michael Heseltine, the environment secretary, to abandon the poll tax

to two dozen officials and consider suggestions put forward by political parties and others. Among Conservative MPs concerned at the political effect

of the tax, hopes are growing that significant reforms could be in place before April, when next year's hills are sent out.

Dr Keith Hampson, Conservative MP and prominent

Heseltine supporter in last month's Conservative leadership contest, yesterday pre-dicted "substantial changes". Last week, Mr Heseltine made it clear that no complete

solution to the poll tax could be identified and implemented in under two years. He hinted at interim adjustments.

Mr Gould said poll tax bills were still on course to average far in excess of £400 next year. Mr Heseltine's problem was that the prime minister had rejected all alternative systems

of local government finance. Mr Gould said that if it was admitted that the poll tax had to be abolished, he would recommend full rebates for the

# Fresh call for parliament to consider constitutional reforms

By Ralph Atkins

FURTHER pressure on nembers of parliament to consider wide-ranging constitutional reforms comes in a report today by the left-of-cen-tre institute for Public Policy Research urging the introduc-tion of a comprehensive bill of

A bill of rights would enhance democracy in Britain and help to counter mounting concern about the protection of civil liberties, the IPPR argues. Ideally, it would form part of a written constitution.

Separately, a report published by the Fabian Society today calls for changes in the operation of parliament. The author, Mr Peter Hennessy, is visiting professor of government at Strathclyde University in Scotland.

He says the present system is almost designed to deter thoughtful people, who like their families, from standing for parliament.

He suggests an end to all-night parliamentary sittings, increased pay for MPs and a strengthened select committee to provide "reasoned, reflective, persuasive" criticism of the government. The two papers add to the

growing parliamentary debate over potential reforms, prompted in part by Mr John Major's willingness to consider possible changes.

The IPPR has drawn up a 19-article proposed bill of rights building on the European Convention on Human Rights and the International Covenant on Civil and Political

Rights.
So far, the opposition Labour party has resisted proposals for incorporating the European Charter of Human Rights into

The IPPR argues that "to make democracy a reality, fun-damental individual rights and liberties should bave legal protection in the form of a written constitution that even a properly elected parliament cannot change by ordinary legisla-

# Tories may win backing of former SDP leader

THE FORMER leader of the centre Social Democrat party. Dr David Owen, yesterday moved closer to backing the Conservative party as senior Tories embraced that new agenda set by Mr John Major,

the prime minister.
The strong hint by Dr Owen,
a former foreign secretary in the last Labour government, that he may vote Conservative at the next election - If he does not stand for re-election in his own constituen-cy - came as Sir Geoffrey cy - came as Sir Geoffrey Howe, former deputy prime minister, emphasised the bene-fits accruing from a changed

prime minister.
Sir Geoffrey - whose resignation speech presaged Mrs Margaret Thatcher's downfall - said: "One of the changes that follows from Mrs.
Thatcher's decision to resign is that . . certain topics that were regarded as unopenable are now clearly capable of re-

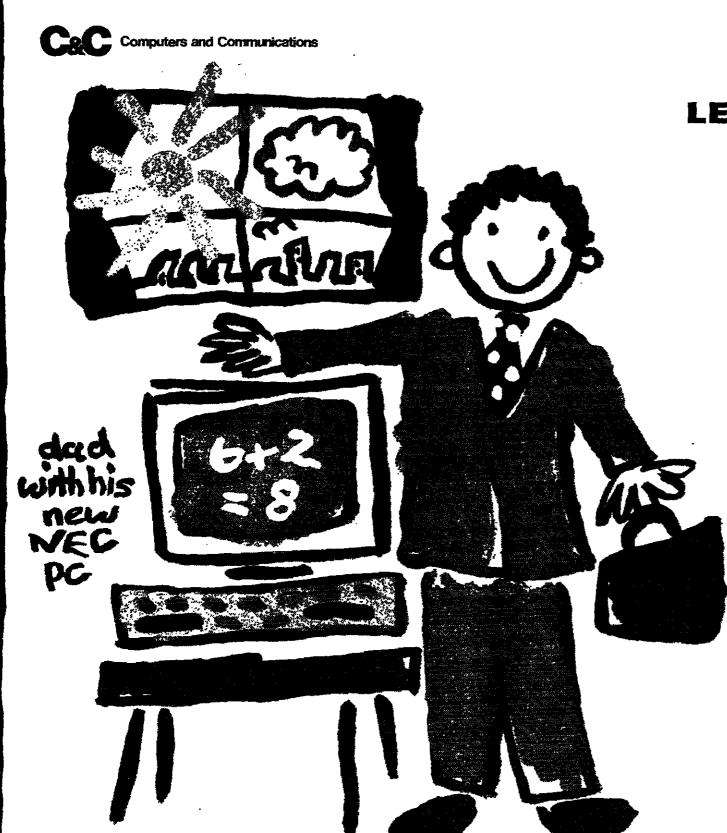
examination." On Channel Four television. Sir Geoffrey said he hoped Britain's viewpoint would get a better hearing in Europe. The government's proposals for the next stage of economic and monetary union had lacked credibility, "because of the extent to which it looked like we did not believe in

The warmth of Dr Owen, who split from the Labour party in the early 1980s to from the SDP, towards the prime minister signals the extent to which Conservatives could appeal to the centre ground in British politics. Commenting on the prime

minister's first fortnight in office, Dr Owen said: "I like, so far, what I have seen, but it is early days." Mr Malcolm Rifkind, trans-

port secretary, implicitly acknowledged that Mr Major's election had ushered in a new Tory agenda when he said on BBC radio: "What we have to show is that we are relevant to the needs of the 1990s – and they are different needs." The Conservative party had

to help those in society who had not benefited from the achievements of a free-enterprise economy, he added.



# NEC PCs. LESS TROUBLE THAN DANIEL AGED 7.

There's no chance of any trouble when you buy an NEC PC.

For a start, you're buying a PC with a 3 year warranty. (Which is a whole lot longer than other major PC manufacturers can muster).

This, together with what we call 'Zero Defect Manufacture', makes your NEC PC a reliable business tool.

It also means that in the unlikely event of something going wrong, we'll waste no time in making it right.

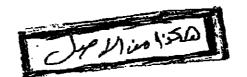
NEC PCs - no problems, no hassles and absolutely no answering back when it's time to go to bed.

To discover what Daniel's dad already knows, call our free hotline today.

NEC PC HOTLINE

NEC (UK) LTD Computer Division, I Victoria Road, London W3 6UL

NEC



Grid system enters commercial world

and promote competition.

**PRIVATISATION** 

director, believes that competi-tive electricity is the lifeblood of the NGC itself. "The NGC sees itself as a market-oriented,

ability in the main wires busi-

ness, which contributes more

**UK NEWS** 

The Course from the stage

Fig. 12 and 12 a

The state of the s

Section 846

oración de la seguidad de la seguida

550.5

VIEL

9 ( 50 ) 3

Restrict the Sulfa

# Labour's deselection row flares over Field

By Ralph Atkins

LABOUR party in fighting over the deselection of Mr Frank Field, MP for Birkenhead, intensified yesterday after Mr Field said he would not stand in a re-run of the contest under

a timetable being discussed.
Party officials responded with surprise and scarcely hid-den annoyance to a letter Mr Field sent to Mr Neil Kinnock,

the Labour leader, last week. In it, Mr Field said not enough had been done to clamp down on improper activities in the constituency. He said the timetable for selection, discussed by his constituency executive last Thursday, would

not result in a fair contest. However, party officials said that no final decisions had been taken on re-running the selection meeting and expressed surprise about the action taken by Mr Field.
The matter will be consid-

ered by Labour's National Executive Committee (NEC) on December 19. Mr Joyce Gould, the director, is expected by have compiled another report on the constituency party.

The row is likely to add to

Mr Kinnock by the Birkenhead party with its accusations of intimidation and infiltration by Militant extremists.

for Recommendations has been preoccupied by pariiaJuliet Sychrava on a natural monopoly with a key role in competition OW THAT the 12 regional electricity regional electricity companies are close to flotation, the reasons for privatising the electricity industry are well rehearsed. There will, the arguments run, be

more competition in electricity generation and supply, and the electricity wires will be thrown open to all users. Where that leaves the National Grid Company (NGC), which takes over ownership and management of the national electricity transmission network, or grid, from the Central Electricity Generating Board (CEGB), is still uncer-

Rather like the regional electricity companies, the NGC has a core distribution, or wires business. In simple terms, it owns, maintains, and operates the grid, and charges users a fee for that service.

Unlike the regional companies, it has no competitive role in the restructured industry, although the government has pointedly made the NGC an agency for promoting the new free market in electricity. Under the new Electricity Act the NGC has an obligation "to facilitate competition in the supply and generation of elec-tricity".

How the NGC will achieve

that is still difficult to see. Ultimately, promoting competition

means promoting the long-term health of the grid for the benefit of its users, and ensuring that all users can connect to the grid. The incen-tive for the NGC is that a healthy and accessible grid

means future customers.

The company certainly has the technical expertise to maintain the system. What it can do beyond that is uncer-

The grid, it can be argued, is a natural monopoly at the heart of the newly competitive

heart of the newly competitive electricity industry.

The NGC will not be sold directly to the public. Instead, its shares will be held via a holding company by the 12 regional electricity companies, which will receive dividends from the NGC. That will allow it to retain a degree of indepen-dence from its shareholders. However, the NGC will lose much of the power of its fore-

runner in the days before pri-vatisation. Because it could plan the location and amount of generation capacity, the CEGB had far more control over the long-term develop-ment of the grid. The new NGC will have little control over where new generation arises. That has already provoked criticism from the Labour

party, which has suggested that it would renationalise the

customer-oriented company, not just as a provider of wires. The health of the company depends on electricity being in fashion. If it goes out of fash-ion the grid will wither." However, the NGC does not necessarily benefit from more users. Higher volumes are not a sufficient condition for profit-

However, while old CEGB members within the NGC may take a similar line, the new than 80 per cent of NGC turn-over and the bulk of the company's profits.

Turnover in the wires busiorder is following the govern-ment's lead in emphasising a desire to create opportunities

ness is volume-sensitive, because most charges to users are linked by a regulatory for-mula to rising demand. Profits Mr John Uttley, NGC finance may increase with volumes. provided capital expenditure does not increase simulta-

> Although it owns the grid the NGC has only two real means to control the way that the grid develops geographi-

The first is the series of charges it makes to generators and supply companies for connecting to and using the grid. Those charges are designed by the regulatory system to reflect local supply and demand, and to encourage generators and suppliers to connect where

they are most needed. Because there is a concentration of generation capacity in the north, and electricity demand in the south, charges for generators are zero in Lon-don, where they are most needed, and highest in the north, where there is already

excess capacity.
Similarly, supply companies
will be charged least for connecting in the north-east, where there is a shortage of supply companies relative to generation capacity. Thus the

expensive transfer of electricity across the country and maximise the system for all users. How adequate these zonal messages are is debatable. They are only one factor considered by a generator; another is proximity to a source of natural gas.

While the regulatory formula allows the NGC to raise its charges only to reflect rising national demand, and thus ris-ing infrastructure costs, it does not allow the company to alter prices in specific regions as

local demand patterns change.

More worrying for the NGC,
a new connection and the resulting increased flow of electricity through the wires may mean spending large sums on reinforcing cables many miles away, and the con-nection charge does not cover

that kind of cost.
In future, the company hopes, the regulatory regime may change to accommodate those two difficulties.

Regulatory obstacles aside, the company's main business risk is managing its large capi-tal expenditure budget, which is expected to be about £290m this year. Because the com-pany must connect new users, it can face sudden lump sums of expenditure arising from new connections. However, Mr Uttley points out, the continu-

E Midlands London 10.5 Manweb Midiands Northern 6.5 Norweb 8.2 Seeboard Southern 11.0 S Wales 5.4 6.3 SWeb Yorkshire 9.2

**National Grid** % holdings of National

Grid ordinary shares

Eastern

ous maintenance being carried out on the grid should limit that risk.

It would be wrong to suggest that the NGC faces only challenges and obstacles preventing it controlling its own future. Its core business, setting aside the risks of heavy capital expenditure or any tightening of the regulatory screw, is secure.

That is important for its shareholders, the regional elec-tricity companies, which will collectively receive a forecast dividend of £104.5m for the

year to October 1991. For the largest shareholder. Eastern Electricity, for example, that means £13.06m, of a total historic cost pre-tax profit of

Still, whether the regulatory framework gives the company any scope to fulfil its obligations, or gives the new electricity industry a truly competitive future, is uncertain. The company has not yet shaken of a traditional and hypers. off a traditional and bureau-cratic public-sector manner and, given its size, may take some time to do so.

### Strict rules on waste dumping out this week

By John Hunt, Environment Correspondent

TOUGH REGULATIONS to control fly-tipping – illegal dumping of waste – will be issued by the Department of the Environment this week.

The private members' bill to stop fly-tipping, introduced by Ms Joan Ruddock, Labour MP for Deptford, became law in July last year as the Control of Pollution (Amendment) Act. Since then, legitimate contrac-tors have continued to suffer from the illegal activities of flytippers who can dump waste

on the cheap.

"We have been in a period of limbo," said Mr David Boyd, industrial director of the National Association of Waste Disposal Contractors (NAWDC) changes were made in a report to the NEC in the summer but the north-west England region

FT SATELLITE MONITOR

# BSkyB dish sales surge

PUBLICITY about the merger of the Sky and BSB satellite elevision services to form

Britain last month. The monthly FT Satellite ing the total number installed in the UK to 1.2m, more than three times the figure a year

Sky and BSB announced

of November. The new BSkyB service uses the old Sky technology, including Astra receiver dishes, rather than the BSB system with its Squarial

As a result, almost all the satellite dishes installed last month were Astra. According to the survey, 77,000 Astra receivers were installed in November, 40 per cent more than in October. The growth is due partly to the demise of BSB and partly to a seasonal increase in sales during the approach to Christmas.

# By Alice Rawsthorn

BSkyB resulted in increased sales of satellite dishes in

Monitor survey, carried out by Continental Research, found that 82,000 new dishes were installed in November, bring-

their merger at the beginning

#### The Association of Corporate Treasurers DIPLOMA AWARDS

The following were successful in passing the Part II examinations of the Association of Corporate Treasurers

Mark Abbott Justin Besley Divid Beiteat Stanley Boland David Bonebar

Treasurer, Bristol & West Building Society Assistant Treasurer, Basa Pic Treasury Manager, Balfour Beatry Ltd. Group Tax and Treasury Manager, H P Bu Manager - Group Audit, Midland Group Group Treasurer, STC & ICL Plc ung Group Ltd

Jerenty Bunken Clive Curver lan Crompton

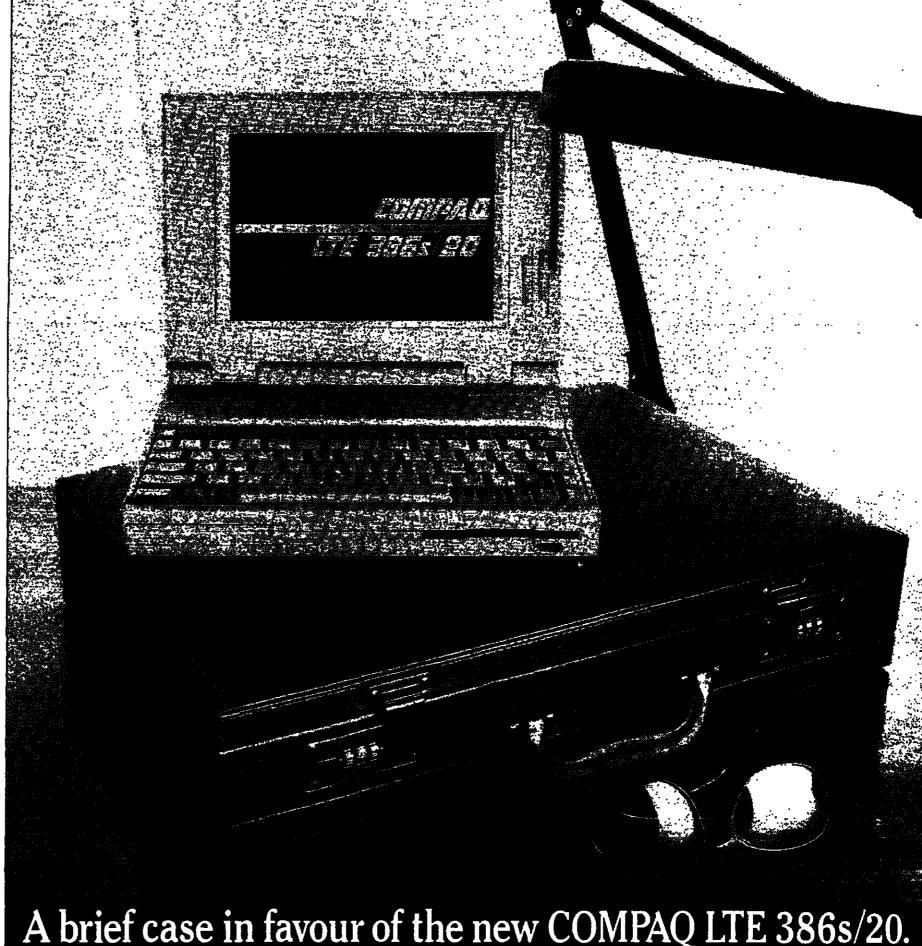
Deputy Treasurer, National Home Loans Corporation Pl Manager - Corporate Fluance, Price Wa Corporate Banking Manager, Midland Montagu Cor

Christopher Eker Karl Fertion Partick Flynn Lesky Fregu Richard George Mark Gheerbran Vivienne Gibson James Greidani Audrew Greens Mark Hemsley Richard Hikbert John Hudwin Agus Houtown Gary Kershaw ian Magness retagiA reaggl Kathleen McCos Many Nemcy Paul Nichels Stephen Penney

Michael Runsey Lynn Shepherd Peter Simpson

Made of Smith Stante Faulter Peter Walker Janice Watson Alicant Williams David Wilson Lesie Winnister

Treasurer, South West Electricity Board nor Analysi (UK Treasury). Air Products Ple reg Audit, Midland Bank Pic Assistant Group Treasurer, MB Group Pic Chartered Accountant, Price Wate Assumate Director, Corporate Finance, IBJ I Accountant, Bowthorpe Holdings Pic Financial Analyset, Midland Bank Group Group Cash Manager, Bricom Group Ltd nager - Merchant Banking, Kleipwort Bens Assistant Gjroup Treasurer, Tootal Group Ple Assistant Investor Relations Manager, ICI Pic ument, Brittana Airways Ltd Treasury Specialist, Intel Europe Freavury Manager, Inchape Ple Assistant Treasurer, American Internal Treasury Assistant, Reuters Ltd. Senior Treasury Officer, Midlands Electricity Board Assistant Chief Accountant, Phillips Imperial Petrole Financial Controller, Law, Dempsey & Co Ltd Treasury Consultant, IBM (UK) Ltd investment Portfolio Manager, Bristol & West Building Society Treasury Accommuni, Reuters Ltd Masager, Treasury, Hill Samuel Bank Ltd Financial Accountant, UBS Phillips and Drew Ltd Assistant Manager, Coppers & Lybrand Deloine Sector Financial Controller, Australia & New Zes Ranking Group Ltd Head of Audit, Royal Trust Bank Treasury Assistant, Reuters Ltd Treasury Analyst, RTZ Corporation Pk: Treasury Texagentant, Gallaher Limited freasury Manager, British Telecom



If you need the power and performance of a 386-based PC wherever you go, the good

Compaq, a world leader in laptop computing proudly presents you with the COMPAQ LTE 386s/20.

news is that now you can have it.

Weighing a mere 7lbs and measuring just 8 x 11 inches, the new COMPAQ LTE 386s/20 is the ideal travel companion. Its battery life of over 3 hours, allows you to work non-stop from Heathrow to Moscow.

What's more the COMPAQ LTE 386s/20 machine is a full function, high performance free on 0800 444 123 or send us the coupon.

20MHz 386SX notebook PC with up to 50% performance improvement over 16MHz noncache PCs and 2MB of memory supplied as

With a VGA edgelit LCD screen the COMPAQ LTE 386s/20 gives excellent resolution in 16 shades of grey, making it easy to work with in any lighting conditions.

All of this, believe it or not, in a PC that's half the size of the average briefcase.

Authorised Compaq Dealers can tell you much more. For more information call us

To: Marketing Department, Compaq Computer Ltd., FREEPOST, Richmond, Surrey TW9 1BR. Please send me an information pack on the new COMPAQ LTE 386s/20. COMPAQ

# Container terminal berth

EDMUND NUTTALL has won a £12.5m contract from Maritime extend the new container terminal berth at Thamesport. Isle of Grain. This second berth at the high-technology mari-time development represents Phase II of a project that also involved Nuttall as main contractor for the original jetty that was completed by the company in April this year. The new international container terminal is on the north bank of the River Medway in

The latest contract includes the construction of a further 230 metres of jetty to the east of the Phase I berth construc-tion (the latter being 314 metres in length and 50 metres in widthi to provide a second container-handling berth. The width of the jetty varies from 50 metres down to 43 metres and consists of a reinforced concrete deck supported on tubular steel piles. The jetty extension will have fenders to accept ships up to 115,000

Before construction can begin, Nuttall is removing Jetty No. 4 at the site of the old BP Oil refinery, as well as vari-Dredging of the area under the jetty construction will give 13.5 metres of water alongside the berth before piling operations commence. The duration of the contract, which also includes deck fittings such as crane rails, lighting, service pits, bollards, freshwater and fire hydrants, is 55 weeks.

SEVERPIELD-REEVE, the structural steelwork specialist, has been awarded contracts worth in excess of £4.5m. The two largest contracts are for the design and erection of 2,100 tonnes of structural steel at a new Tesco supermarket in Bridgend and a new manufacturing plant for Nippon Denso

#### CONTRACTS

# £25m Almack House project

projects in central London. together worth £47m, have been won by TROLLOPE & COLLS CONSTRUCTION, a member of the construction division of Trafalgar House.

Two contracts for office

The first, a £25m contract awarded by London & Edin-burgh Trust, is the Almack House development at 26-28 King Street and 52 Pall Mall, SWI and includes the construction of seven floors of air conditioned office accommodation and seven floors of residential accommodation together totalExternally, the properties will have high quality cladding comprising banded layers of Portland stone on precast con-crete panels with polished granite features. The windows and curtain walling and all fenestrations up to the fifth floor

will be in bronze The second contract, worth £22m, is for a redevelopment in Farringdon Road where construction has started on a seven-storey building for an international company which will enlarge its London offices by about 108,000 sq ft. In conjunction with Matthew

Hall Engineering Services, the architect set out to achieve a design incorporating the latest developments in information technology and energy efficient services.

The constricted urban site requires structural engineer, Andrews Kent & Stone to work in close conjunction with Trollope & Colls Construction to overcome the constraints imposed by the close proximity of the culverted Fleet river post office underground rail way and the east/west crossrailroute. Both projects are due for completion in late 1992.

# Major road improvements in Berkshire

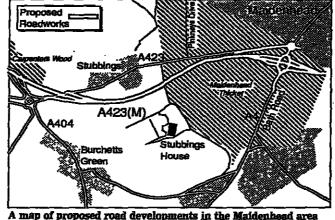
dual carriageway section of the A423 between Maidenhead Thicket roundabout and Burchetts Green roundabout in Berkshire has been awarded to BIRSE CONSTRUCTION. The scheme includes the

An £8.4m contract for a new

grade separation (two - level junction) of the existing A423(M)/A4/A423 Maidenhead The line will pass through

the Thicket in shallow cutting, then across the existing A423 and through parts of Carpen-ter's Wood before joining the A404 Marlow - Bisham bypass, north of the A404/A423 Bur-chetts Green roundabout.

Work on the 3.2 kilometre section is expected to start shortly and the project will take two years to complete. Mr Christopher Chope, Min-ister for Roads and Traffic,



said: "The scheme will bring considerable environmental relief to the village of Stub-bings and will mean a better and safer road for the user."

will also mean that the important A423(M)/A423/A404 route from the M40 at High Wycombe to the M4 will become dual carriageway

# Cargo facilities at Aberdeen Harbour

Aberdeen Harbour Board has awarded a contract valued at almost £725,000 for the construction of another cargo transit shed at the port.
The work will be carried out

by HALL & TAWSE SCOT-LAND and is scheduled for completion in summer 1991. The latest facility, at 2,000 sq metres (20,000 sq ft), is the larg-

est in a series of five sheds developed since 1986 when a purpose-built forest products terminal, incorporating two of the sheds, was opened on Regent Quay to handle imports

Since then, two others have been developed, one on Water-loo Quay, the other on Blaikies

handle forest products and general cargo, will be sited on Pacific Wharf. It will meet all Customs and Excise requirements.

The project will bring mod-ern quayside transit shed facil-ities operated by the Harbour

# Mechanical systems for Sizewell B

ENGINEERING AND CON-STRUCTION has secured the -mechanical works contract for the Radwaste Plant at Britain's first pressurised water reactor being built at Sizewell B for

INDUSTRIAL Nuclear Electric. The contract, worth about 58m, includes responsibility for management, detail design, procurement, fabrication and installation of mechanical and pipework systems.

Work involves offsite fabrication and onsite erection of about 22,000 metres of stainle steel and carbon steel pipe-work plus installation of 700 items of plant and 300 tonnes

# LEGAL COLUMN

# Storm in a coffee cup highlights EC contest over competition

By Robert Rice, Legal Correspondent

THE European Commission's decision to allow the merger of two Netherlands coffee companies to go ahead in spite of a recommendation against it by Sir Leon Brittan, EC commis sioner for competition, has once again raised concern that European policy on competition is becoming increasingly hampered by narrow political interests within the commis-

sion. Inevitably, the disagreement about the merger of Douwe Egberts and Van Nelle has also rekindled the debate as to whether the commission is the correct body to supervise com-petition within the community. To be credible, the EC's

approach to competition needs to be fair and consistent. That, some have argued, would be better guaranteed by an inde-pendent agency free from political influence, modelled on, say, the German cartel office.
Sir Leon's initial view was that the Fl 1.39bn (\$427m) takeover of van Nelle in February 1989 should be challenged. The merger gave the two companies 70 per cent of the Benefux coffee market, which he believed amounted to an abuse of a dominant position con-trary to the Treaty of Rome.

in May 1989, the commission announced an investigation into Douwe Egberts, which is owned by Sara Lee, the US food company. The investiga-tion was opposed by Mr Frans Andriessen, the Dutch EC trade commissioner.

He supported his country's argument against interference from Brussels on the basis that the commission has power to deal only with anti-competitive practices affecting "the common market or a substantial part thereof and the Benelux market did not amount to a "substantial part" of the common market.

Between May 1989 and July this year, attempts were made by the commission to reach a negotiated settlement. However, by mid July, when the merger came up for discussion by the 17 commissioners who have the final say in competition matters - no agreement had been reached.

Sir Leon, still maintaining his opposition to the merger, proposed that the two coffee

companies should be asked to reverse it in part. However, Mr Andriessen voted against the proposal – the only commissioner to do so - and it failed to get the necessary number of votes to be carried. A final decision was postponed until a later date, allowing time for

further negotiation.
There is some dispute in Brussels about precisely what happened next and why Sir Leon - after 20 months - sud-

denly decided to abandon his opposition to the merger. Some insiders say the commission's failure to support him represents a serious set-back for his approach to com-petition issues. They maintain that he knew he lacked sufficient support among his fellow

Much, it seems, would have depended on the price of coffee at any given time

commissioners to get his pro-posal through, so, rather than risk a humiliating defeat, he decided to drop the case. The picture is somewhat clouded, however, by the new EC merger regulation, which came into force in September. Brussels sources close to Sir Leon maintain that the decision not to press his recommendation to a vote was made because, when the commission came to consider the case again in mid September, it was felt that blocking a merger to which the EC regulation would probably not have applied just 10 days before the regulation took effect, might seriously undermine the central princi-ple of one-stop merger control. Sir Leon is the staunchest advocate of the principle that mergers caught by the regula-tion should be dealt with exclu-

dealt with exclusively by the member states concerned The Dutch had earlier used that argument in support of their case that Brussels should not interfere in the merger.

sively by the commission, and

that other cases should be

Officials in the Hague sald that, had the regulation been in force when the merger took place in February 1989, the commission would not have been able to intervene because the combined worldwide turnover of all the parties involved, including Sara Lee, fell below the Ecu 5bn (£3.5bn) threshold. Under that level, the national competition authorities of the member states concerned have exclusive jurisdiction over

monitoring mergers. Here again there is some dispute as to the facts. Sources within the commission say it was far from clear whether, had the merger regulation been in force at the time, it

would have applied or not. The conclusion was that it probably would not have applied. That was not because the merger would not have reached the worldwide turnover threshold but because the turnover of Van Nelle within the EC fell below the second turnover threshold of Ecu 250m necessary to trigger the merger

regulation.

Much it seems, would have depended on the price of coffee at any given time. Whichever version of events

is correct, this additional row about precisely why Sir Leon dropped his opposition to the merger only serves to underline the scope for disagreement which exists within the commission on competition issues. Was the disagreement within the commission over the Donwe Egberts-Van Nelle merger simply a one-off inci-dent that can now be dis-

within the commission over competition policy in general? When the 17 commi come to have their final say in competition matters, they are supposed to put aside national or sectional interests in reaching their decisions. All too often, however, when the interests of their own countries are involved, they appear to lose

counted? Or was it symptom-

atic of a far more serious split

sight of that imperative. There is already considerable opposition from the more protectionist-minded southern member states to Sir Leon's policies on state aids to industry and on competition policy

Mr Andriessen's willingness to dig his heels in over the Douwe Egborts-Van Nelle merger suggests that when national interests are involved, even the most liberal-minded members of the commission in matters of competition cannot be relied upon to put the interests of the community first.

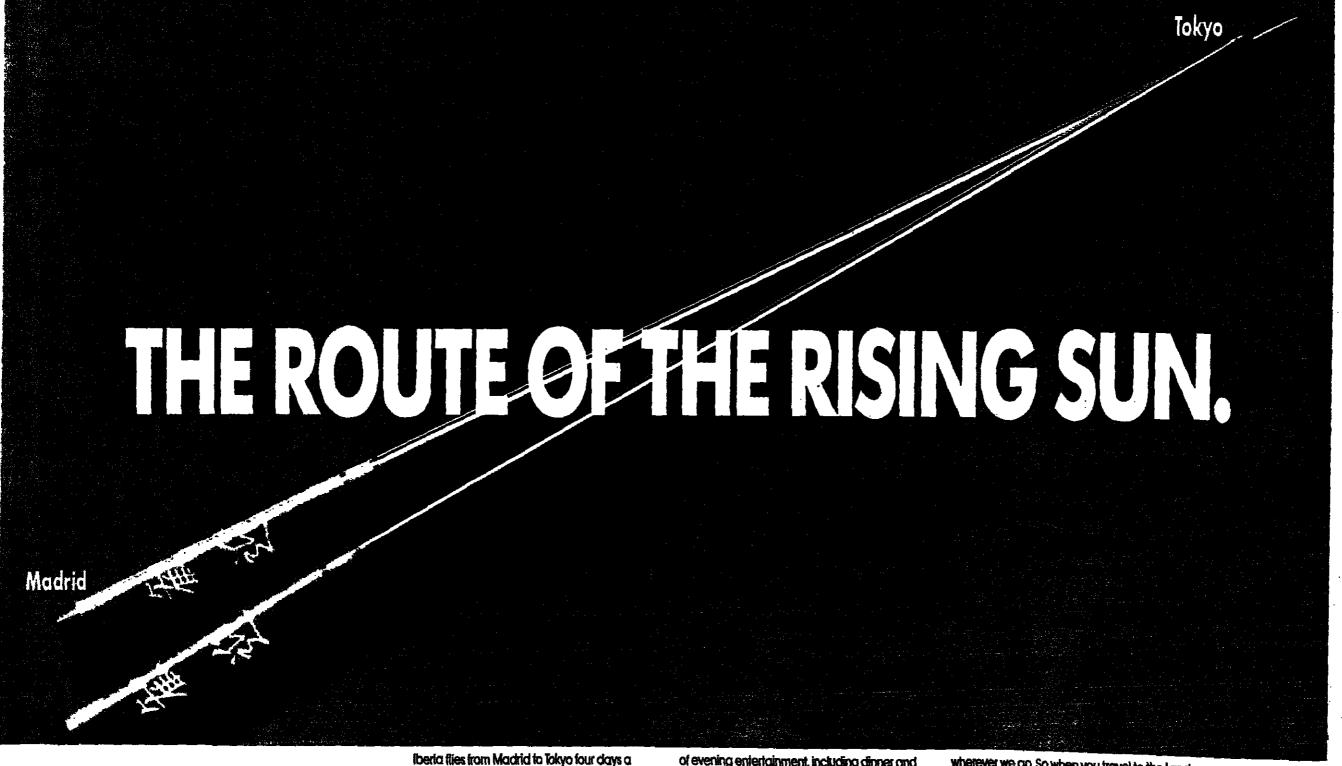
Sir Leon has frequently emphasised the importance of freely competitive markets to the success of the 1992 programme. There is little point in dismantling barriers to trade if businesses are allowed to build

He is a tough and effective advocate of free competition. Within the community, however, only Germany and Britain fully support him. Few of the other member states have any experience of regulating competition at a national level or have ever seen the need to do so.

Attitudes are changing slowly, most noticeably in France and to a lesser extent Italy. However,in the ordinary course of events it seems inevitable that there will be occasions when member states will attempt to use political sure to influence competition decisions.

That should not matter, provided Sir Leon does not allow himself to get into a position where he can be outgumed or outvoted by national interests. If that were to happen, as it appears may have been the case on this occasion, the pres-sure for taking competition out of the hands of the commission and placing it under the con-trol of an independent agency might become overwhelming. The commission, too, is likely to resist handing over the final say in such an important area to an outside agency. It would undoubtedly insist on some mechanism for ratifying

or vetoing competition decisions made by such a body. Clearly, it would be preferable if Sir Leon could find some way of carrying the rest of the commissioners with him on competition issues. Perhaps a more persuasive and less forthright approach might be the answer. The commission can certainly not afford many more disputes like the Donwe gberts case.



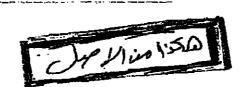
week with only one stopover, in Anchorage. Although you do have the choice of spending a day in Madrid where the City Council will treat you to the best hotels and a complete programme

of evening entertainment, including dinner and a show. Yet another example of the warm, friendly almosphere you enjoy when you fly with

We Spaniards carry the sun In our hearts

wherever we go. So when you travel to the Land of the Rising Sun, you'll be travelling with

WARM TO THE EXPERIENCE



MINY MATERIAL MATERIAL

ne of the enduring images of Margaret Thatcher's years as prime minister was the sight of her standing alone in a derelict wilderness on Teesside, carefully chosen for its symbolic association with an old, industrial order and its promise of a new, ancessful beginning.

soccessful beginning.

The site was once occupied by the wast steel fabricating shops of Head wast steel natricating shops of Head Wrightson, a business which, like many others, succumbed to the economic shake-out of the early years of Thatcherism. It was in places like this, said the prime minister, that industries capable of beating off world competition would be spawned by Rritain's new enterprise culture.

That site used for the Thatcher pho-

That site used for the Thatcher pho-to-opportunity is now being developed and is the location for another, less

fleeting political initiative.

Taking shape on part of the land is the Teesside Business Growth Centre, the ambitious brainchild of the Teesside Training and Enterprise Council. Like the other 81 Tecs being set up in England and Wales, the local Tec is to carry the banner in the provision of modern workplace skills and the stimulation of local economic activity.

The centre, envisaged as a "one-stop" shop offering a full range of support and advisory services for new businesses and those seeking to expand, will also provide space for inward investors to the area seeking staff. There will be an enterprise club and a constantly-manned advice line for business subscribers.

According to Bob Little, chief executive of the Teesside Tec: "There has been a tendency in the region for people to rely on others to manage them, whether in the public or private sec-tors. There is a need for a cultural change in attitudes which we can help stimulate but which, in places like Teesside, still has a hell of a long

way to go."

Helping to reverse Britain's damaging lack of workplace skills might be considered a daunting enough task for the Tecs, acting as the driving force behind local, economic regeneration - the second element in their brief - adds another, significant dimension to their responsibilities.

Undamnted, Tecs like those on Tees-side are placing a great deal of empha-sis on their mission to spread the enterprise gospel. Many accept that the dividing line between training and enterprise is often hard to define and invariably crosses over. But, with varying degrees of enthusiasm and success, they are pursuing a range of initiatives intended to help create an environment in which enterprise can

A prime and universal concern is to win the positive support of the existing framework of local providers by forging strategic alliances; Tecs are also being warned not to take on too many services and, in consequence, to

deliver inadequately.

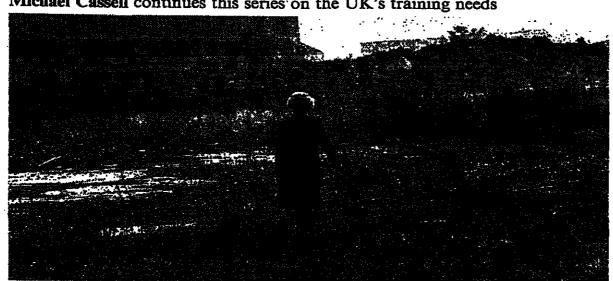
The Tecs' enterprise activities have, inevitably, generated suspicion among certain local providers, while

#### MANAGEMENT

Tecs are intended to stimulate local economic activity as well as to encourage the provision of workplace skills

# A mission to spread the enterprise gospel

Michael Cassell continues this series on the UK's training needs



The Phoenix effect: since Margaret Thatcher visited this derelict factory site in 1987, the Teesside Business

some local authorities have been openly antagonistic, usually on political, rather than philosophical grounds. But many organisations which could have been seen in a com-petitive light are proving supportive. A recent survey, for example, showed that more than three-quarters of the country's enterprise agencies felt more positive about the future with the arrival of Tecs. Sixteen Tec chairman have enterprise agency service under their belts and 160 of the 1,200 Tec board members have also

come from the agencies.

Business in the Community, the charity formed to promote the role of business in regenerating communi-ties, believes the Tecs have an invalu-

able role to play.

David Grayson, managing director of operations at BIC, says his organisation is a passionate supporter of Tecs, with their capacity to create a series of role models for businesses.

But BIC believes that the Tecs must be customer-driven, not programmeled, and must not be constrained by the rules of existing business support and advisory schemes. In addition, it believes that they should work to help establish clear links within the existing network of support organisations.

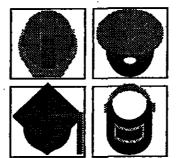
The emphasis, it says, should be on improving the quality of available

assistance: it does not want to see Tecs drawing in to the centre all the enterprise responsibilities.

A wide variety of formulas for local

co-operation is already emerging.

In one of the most radical initiatives, Kent Tec has contracted with its county council to take over the functions of the Kent Economic



TRAINING ON TRIAL

Development Board, thereby fully integrating local training and enter-prise activities. The Board, which was set up by the county council to attract inward investment in the wake of the Chatham dockyard closure, has already established a rapport with local chambers of commerce and enterprise agencies.

It has already consulted 18,000 companies in its area, quickly establishing the need for co-ordination and co-operation. According to a spokes-woman: "We quickly identified a cry-ing need to eliminate the confusion surrounding the multiplicity of services available." Apart from the Kent Tec's £22m

training budget, its spending on enter-prise activities will be funded by the city council it claims the local enterprise agencies do not regard it as a threat but as an effective partner. South and East Cheshire Tec has enlisted borough and county council

representatives on its development committee. The lines of demarcation and the parameters for co-operation are, consequently, agreed.

The Tec is clearly dividing the thrust of its enterprise operations

between the small businesses started up in recent years and those which are more established, employing up to 250 people.

Companies join the Tec for a small fee and can then plug into a series of tailored services. Member companies can, for example, ask for the help of a Tec adviser who will sit in for a

period to help diagnose needs.

According to Richard Guy, the
Tec's chief executive: "The yawning

gap in our arrangements is just how Tecs are supposed to deal with the Department of Trade and Industry."

He says medium-sized employers in particular want a single-gateway ser-vice, which provides access to all supvice, which provides access to all support mechanisms. The government's decision not to hand over the DTI's own Enterprise Initiative activities to the Tecs – a policy which many believed would have been the most logical step – has, he claims, undermined that objective.

Northumberland Tec, which started life in Sentember, has been point to

Northumberland Tec, which started life in September, has been quick to link up with the county's enterprise agencies. It recognised that they were well-equipped to help business startups but that they had neither the resources nor the expertise to offer help to companies at later stages of devalorment.

Under a partnership programme, the enterprise agencies have become wholly-owned subsidiaries of the Tec, enabling enterprise advice to be more effectively organised and promoted. Stephen Cowell, chief executive of Northumberland Tec, acknowledges the netwel transfersor of Tecs to con-

the natural tendency of Tecs to con-centrate more on training but says they must "grasp the nettle" of enter-prise promotion. "We are adamant that we are going down the enterprise route. We must not bite off too much

at once but it is crucial we are not just seen as a training organisation."

The extent to which Tecs can pursue their enterprise remit and meet the government's lofty ambitions will, inevitably, depend to a great extent upon the resources available.

There are repeated warnings that, because of the comparatively modest budgets available to them for small business activity, there is a danger that, far from being seen as a growth

area, will receive low priority.
Though Tecs complain about the realities of meeting the government's objectives in the face of proposed budget cuts, recent agreement with the DTI, giving them more flexibility in the allocation of available funds in order to reflect local requirements. has been widely welcomed.

Tecs like Northumberland, however, are not setting out to count on government support. According to Cowell: "Our expectation is that funding will decline and our business plan has been made accordingly. We have to ensure that any decline in central government resources does not affect

Alan Bartlett of the Association of British Chambers of Commerce says the real difficulty for Tecs will be in defining what, for their purposes,

enterprise actually means.

"A great deal of activity will be generated quite quickly because of the quality and experience of Tec board members but translating them into sustainable activity is the real challenge. Some services may be very ingenious but might, at best, only pay their way.

Previous articles in this series were published on November 28 and December 3.

# IBM joins ranks of 'transnationals'

By Christopher Lorenz

nternational Business Machines has been admired for decades as the very model of a mature multinational. It has been praised, by business people and politi-cians alike, in particular for its readiness to invest in high dded-value jobs around the world, putting research, design, development, and engi-neering facilities - not merely manufacturing - into country after country.

So it may seem churlish to argue that the computer giant is only now about to become a full member of a select band of pioneering "transnational" manufacturers which includes two of its arch rivals, Hew-lett-Packard and NCR.

The move that will catapult IBM from multinational to transnational status - giving it the sort of organisational structure that should become the norm for large corpora-tions over the next 20 years -was announced last week. As described on this page on Friday, IBM has decided to

shift the global HQ of one of its six "lines of business" (product divisions, in everyday parlance) from the US to Britain. About 120 executives at the head of Big Blue's \$10bn-plus communications systems business will move from New York to near Lon-don during the course of 1991. By starting to disperse head office decision-making on

global product and marketing strategies away from its home base in this fashion, IBM will join a club which for some years has included Unilever, Procter & Gamble, Ericsson, Philips and NCR. The latter began to decentralise responsi-bilities for its worldwide divisions from Dayton, Ohio, to Scotland, Germany and elsewhere more than a decade ago.

More recently this group of organisational innovators has been joined by Nestlé and ABB, and to some extent Ford, Electrolux and Britain's APV, a food processing equipment maker which three years ago established leadership of each of its worldwide businesses in various "lead countries".

Some of these companies, notably Electrolux and APV, were more or less forced into this partial or complete dispersal of key divisional responsibilities away from

their base countries; they acquired foreign enterprises with product development, marketing and other expertise

as strong as their own. But others have started to develop transnational structures out of choice. Four months ago Hewlett-Packard joined the ranks good and proper when it announced that the global HQ of its personal computer "product group" (le division) was being shifted from California to France. HP had previously hovered on the edge of the club for many years through a gradual build-up of units around the world with full responsibilities

world with full responsibilities for their own region.

1BM took a half step towards transnational status last July, but only within Europe, when it announced the dispersal to national unit presidents of many of the divisional status responsibilities. sional and other responsibili-ties previously held by its European head office in Paris. But this rearrangement

involved purely regional decision making, on a pattern somewhat similar to HP's. Global responsibility for the product planning and develop-ment of all IBM's six product

divisions remained in the US. Last week's move breaks this long-standing IBM con-vention, even if it keeps the reins of the transferred activities firmly in the hands of an American, Ellen Hancock. NCR and HP, by contrast, have put local nationals at the head of the equivalent units they have dispersed (as has IBM with its various country

organisations).
The trend to transnational ism is important for several reasons. Not least is the need, in organisational culture and structure as much as in prod-uct strategy, to create a fine balance between giobalisation and localisation.

The most strident advocates

of organisational "global localisation" are not the Americans or Europeans who are practis-ing it, but the Japanese. Yet even commendable pioneers such as Sony and Nissan have far to go before they not only devolve complete decisionmaking over particular divisions, but also create a really international corporate cul-

Much the same as us no doubt. Philippa Davenport's review of the year's cookbooks found a 5lb indigestible tome and a Carved Angel that's a joy to cook with. Jessica Alexander found a small business whose repellents attract good profits. Peter Knight donned his leathers for the

# What did you get up to this Weekend?

International Motorcycle Show (0 - 60 in 2.9 seconds is apparently the going rate for your company bike). Peter Keating read private letters that survived the flames of an obession with privacy - Kipling would have died if he'd known. Max Loppert looked back on a good year for opera and gave the laurel to a "gruesomely undervalued" Gluck... and so it went on.

If your Weekend was a little less colourful, pick up a copy of the Weekend FT next Saturday and join us.

Weekend FT

ntation and content. No other diary draws on such an authoritative source as the Financial Times. Our prestigious range of pocket diaries continues to set the standards others follow, exemplified by the quality of the

26 international business centres including local business hours, currencies, stock exchanges and public holidays plus hotels restaurants and airporta. Comprehensive UK coverage ranges from airports and car hire to theatres and cinemas. The week to view diary runs from 3rd December 1990 to 5th Jan

1992 giving you an extra month.

The PT Pocket Diary comes in three bindings to match
the FT Desk Diary – tich black leather, burgundy bonded

leather and black leathercioth. The FT Pink Pocket Diary with its unique lands format, week to view diary and FT pink pages is bound in black

The Improved FT Wallet. New slimline, single-fold design in black or burgundy leather with matching silk lining. The wallet

Available in two sizes to take either the PT Pocket Disry or

FT Pink Pocket Diary.

The FT Similine Pocket Diary. Covered in black simulated leather with FT-pink paper and matching ribbon, the FT Similine Pocket Diary's fortnight to view format allows you to check your comings and goings at a glance – ideal for the executive on the

The FT Wallet Diary. Features the FT Pocket Diary bo into a beautiful gilt-cornered black leather wallet, lined in black moiré silk. It also comes with a jotter pad and a pocket for bank notes – you can't get more useful than that.

FT COLLECTION - A QUALITY PROPOSITION.

What we've shown here is but a small sample of the wide range in the FT Collection, so why not send for the FT Collection colour brochure and see for yourself – it is packed with many invaluable business essentials from diaries to document cases. Contact us now on 071-789 2002, or write to FT Collection, FT Business Information Ltd., 50-64 Broadway, London SWIH ODB, or send your business card.

FIRST IMPRESSIONS THAT LAST. All items will be doubly welcome if they are perso with initials and/or surname in high quality, long-lasting, gold blocking. It's this kind of personal touch that enhances the re and worth to the user.

BUSINESS GIFTS.

logo • Up to eight publicity pages in the diaries and nal organiser . Direct despatch of your gifts to the nts together with your compliments slips or greetings

We will even reserve your choice of PT Collection gifts if you are unable to finalise your gift list early in the year. LARGE ORDER DISCOUNTS.

Furthermore - order 25 items or more from the FT Collection and you will qualify for discounts of up to 25%.

COMMERCIAL SENSE. Contact us now on 071-799 2002 for more details on our sas gift services, or write to PT Collection, FT Business Information Ltd., 50-64 Broadway, London SW1H ODB.









										( 	
ORDER FORM Please tick where applicable. Please send me the FT Collection Brochure and Order Form. In am interested in using the FT Collection as business gifts, please send me details. I wish to place a firm order as detailed below. Name FT Business Information Ltd.,											
(MrAkrafiliserNis) 50-64 Broadway, London SW1H 0DB. Position Fax: 071-799 2002. Releas: 927 282 FINTIM 0 Fax: 071-799 2268.											
Address	•			1. re	indi¢ quire	ale i	ine qu	Janti		e of	dlary you
Talephor	Posicode		 	he he		old					ı wish to ils and/or
CODE	PRODUCT	ĒΚ	OTY	EUROPE	anv		FACE 2		ARMAIL E	OTY	SUBTOTAL E
i	198: DIAFRES					Γ-				<del>-</del>	
7001 GG2	Pocket Dlary, black leather	71.15		11.81		11	-50		14 19	Γ~	
7049 0491	Pocket Diary, busyunov bunded leather	10 29		10.95	Ī	. 10	773		13.33		
7282 00E1	Poskel Diary, black loathordoth	9.20		9.61		<u> </u>	740		10.79	1	
7274 2141	FT Pink Pockel Diary	10.58		11.20	1	11	99		12.98	П	
7290 2326	Wallets: Black (to it PL + PC)	19 78		20.08		11	87		21.26		
730+ 2330	Burguindy (to lit PB)	1975		20 08		19	987		21.26		
7316 2006	Black (to th PP)	21.78		2230		Z	200		24.08		
7309 3011	Wallet Diary	17 08		17.64	L	. 17	33	•	19.32		
7355, 2006	Stimble Pocket Diary	905		941	$\Gamma$	1	20		10.50		
	PERSONALISATION										
7708 0083	Initials only	1.95		195		_ '	95		195		
7092 0093	Initials and Burname	3.45	<u>L</u> ,	3.45		<u>L:</u>	.45		3.46		L
	shown are inclusive of postage and pact									Total	2
HOWT	patr any idilak andikraumania detaila :	in is select	20 E-10	-				Plus	5% VAT (UN	(miyl	Σ
	) met. NE. You can pay by credit card b	, stanina	-	anter an a	т Съе	eth:				Total	Ē.
	der Line 071-799 2274.	, ,	,								
	If you wish to pay by credit card y		en the	s order to u	s on c	NUT	Desp	etch i	No:		
	Credit Card Fex Order Line 071-799 2258.										
	BY MAIL, Return this order form with your payment to the address given										
above.  Payment must appropriately your order, and cheques should be drawn on a UK bank account made payable to "FT Business information Ltd."  TELEPHONE ORDERS FOR LESS THAN ASSETTION TO LESS THAN ASSETTIO								el XITON			
	Tick Method of Payment 2071-799 2274										
Card No			ا ۔						Name (Block		
(Free training and the training and and training and and training and	ng address differs from the above, please	Expl  Please   De 1984	COMP	ite:      into, pa your  cptry detector	order m		Cardy		Sgrebm		
	Eastwelper Information		·Ine			- 1					

# UK inflation vies with Gulf moves

FINANCIAL markets will be hypersensitive to Gulf develop-ments after Iraq's decision to free hostages pushed shares prices up and the oil price down last week.

On the UK home front, avid attention will be given to a number of big index releases. Friday's retail prices index has been flagged as the likely catalyst for an interest rate cut. Analysts expect a substan-

tial fall in inflation, as mortgages and other items fall out of statisticians' calculations, to around 9.7 per cent. As mone tary growth and anecdotal evidence all point to a deeper recession than the authorities have so far been prepared to admit, the markets are half-expecting an interest rate cut of up to one percentage point to accompany the relea

If the RPI is not the trigger. the markets will continue to expect a cut by the end of the year - depending on sterling's strength within the exchange rate mechanism. What is becoming clear is that any easing will be for economic rather than political reasons. For the moment, the government has

% change over previous year All Items

All Items

All Items

All Items

All Items

All Items

and Mortgage Interest

polyments and
community charge community charge 

no need to stimulate its standing in the polls - though the economy is likely to appear in need of measures to stimulate

1990

1989

The strength of inflationary pressures and consumer demand will be manifest in today's factory gate prices and retail sales figures for Novem-

Both are expected to describe a weakening trend, while the labour market data on Thursday is expected to

confirm the upwards movement of unemployment with another large rise. Internationally, things will

equally busy on Friday as the intergovernmental conference on European economic and monetary union starts in Rome. There, Mr John Major, the prime minister, and Mr Norman Lamont, the chancellor, will present the UK's proposals for a 13th currency. The conference is also aimed at changing the EC's founding treaty.
Other events and statistics,

with median market forecasts

from MMS international, the financial research company, in Today: UK. November producer input prices (down 0.8 per cent), output prices (up 0.3 per cent), provisional retail sales (up 0.2 per cent). Brus-sels, Economics and finance ministers meeting. Basie, Switzerland, governors of G10 cen-

Tomorrow: Japan, central bank quarterly report. US, third quarter current account,

tral banks hold regular meet-

ing at Bank for International

wholesale trade for October. Wednesday: UK, third quarter balance of payments, interna-tional banking statistics. US, housing completions for October. Austria, year-end Opeo

Thursday: UK, labour market data, October average earnings (10.25 per cent), November unemployment (up 35,000), capital issues and redemptions. US. November retail sales (down 0.5 per cent), sales ex-autos (flat). November money supply. Australia, November ployment (down 25,000) October retail trade (down 0.3 per cent). Friday: UK, October industrial

production, manufacturers' unit wage costs, November retail prices index, tax and price index. Rome, Intergovernmental Conference. November producer price index (up 0.1 per cent), ex-food and energy (up 0.2 per cent), industrial production (minus 1 per cent), capacity utilisation (81.6 per cent), October busiinventories (up 0.3 per

Rachel Johnson

#### **UK COMPANIES**

RACAL ELECTRONICS and its 80 per cent-owned subsidiary Racal Telecom, report interim results on Wednesday. The telecom side is expected to have made all the running with forecasts for it in the £105m to £115m pre-tax range, against £75m last time. However, the rest of Racal Electronics' businesses have

UK COMPÁNIES

m TODAY
COMPANY MEETINGS:
Moran Holdings, Minhver
House, 18/20, Garlick Hill, EC.,
11.30.
BOARD MEETINGS
Finales,
Airsprung Furniture
Airtours
Cronite
Hardanger Properties
Hardys & Hansons
Perpebual
Sunge Holdings
TMD Advertising Holdings
Wolverhampton & Oudley
Brewerles
Laierims;
Associated British Engineering = TODAY

Associated British En British Land Creighton Naturally Hoskins Brewery Marling Industries Oriflame International Robertson Group Scottish & Newcastle Seton Health Care Whitscroft
TOMORROW
COMPANY MEETINGS:
DAKS Simpson, 34, Jen

St. SW., 12.00.

Toray Industries Y35 Toshiba Y5 Tratellers 40cts Treasury 8% Stock 1991 4pc USX 35cts United Technologies 45cts Usher-Walker 3.5p Warner-Lambert 38cts Woolwich Building Soc Rate Nts 1994 £375.53 Coles Myer 16cts

Banco Latinoamericano D Export Fito Rate Nts 1991 \$463.85 Senk Of Scotland 2p Eaton Finance 121/2 % Uns Losn Stk 2014 6.25pc Exchequer 12% Stock 2013/ Pri 11cts
Royal Bank Of Canada Fitg
Royal Bank Of Canada Fitg
Rate Deb Nts 2085 \$208.54
Sotheby's Holdings Stas Of
Class A Ltd Vtg Corn Stk 15cts
TDK Y21
Thorn EMI 7% Criv Red 2nd
Cum Pri 5.5oc Cum Pri 3.5pc III THURSDAY DECEMBER 13 Bankers Trust New York Fitg Rate Subord Nts 2000 \$206.98 Mercury Asset Management

Dryburgh Industrial Estate, Dundes, 12.00. Milwell Holdings, Barbica

Dundes, 12.00.
Miliwell Holdings, Barbican
Gentre, EC., 9.46.
Town Centre Securities, Tov
Centre House, The Merrian
Centre, Leeds, 2.30.
BOARD METINGS
Floats;
Albion
Curton Communications
Cheming

als; alon witon Communications

Chemring Compass Group Countryside Properties Polar Electronics TSB Bank Channel Islands

Interime; Baker, Harris & Saunders Beaveroo Bonthwicks

rine Art Developments Fuller, Smith & Turner , MS International Platon International

Piysu Racal Electronics

Recei Telecom Severn Trent

Unit Group

THURSDAY

Venture Plant Interime:

Sulmer (HP) Fine Art Devi

50 Midland Bank Und Fits Rate Prim Cap Nts (Sers 3) \$430.61 Office & Electronic Machines 0.1p Portsmouth Weber 1.35p Do. A Non-Vig 1.35p Royal Bank Of Scotland Und FR Prim Cep (Min 5%) Nts \$435.26 \$435.26 St James's Place Capital 1.5p Warburg (SG) 4.5p Wells Fargo Fits Rate Subord Nts 1994 \$206.96 SI FRIDAY DECEMBER 14

III FRIDAY DISCEMBER 14
Agricultural Mortgage 10<sup>1</sup>s %
Deb Stk 92/95 5.125 pc
Bank Of Ireland Ir4p
Bank Of Montreal 9% Nts 1991
4.5pc
Bank Of Tokyo (Curacao) Gtd
Fitg Rate Nts Dec 1991 \$217.63
Banque National De Paris
Subord Fitg Rate Ser Nts 1994
5377.59
Barlows 0.825p
Bowttorpe 1.62p
Bowttorpe 1.62p
Bracken Mines 25cts
British-Borneo Petrol
Syndicate 8p
CSX 35cts

Finals; API Group

Califed 3cts
Cambridge Group 0.4p
Canadian Overseas Pack
industries 45cts
Citicorp Overseas Finance Gtd
Fitg Rate Nts 1994 \$21.17
Conversion 91<sub>2</sub> % 5tk 2002
4.75pc
Curamins Engine 55cts
Dans 40cts

Reming Far Eastern Investment Trust 0.2p Fleming Universal Invest Trust 0.6p Free State Cons Gold Mines State

Kinross Mines 165cts Learnington Spa Building Society Fitg Rate Sub Nts 2005 \$235.86 Leads Permanent Building Society Fity Rate Nts 1998 2275.58 Lep Group 412 % Cum Pri 2.25pc Lesile Gold Mines 20cts Lloyds Bank Sera C Var Rata Subord Nts 1998 £376.15 Louisiana Land & Exploration

episode behind it, Severn may opt for a really bumper dividend increase. However, most have been looking for an increase over last year's pro forma payment

of about 15 per cent, or the average for the companies so far, giving a net payment of 5.7p. Pre-tax profits of £126m-128m are expected.

NMC Group Starting Publishing TR Technology MEREDAY DECEMBER 14 COMPANY MEETINGS Fisher (A), Forte Suite, The Excelsior Hotel, Bath Rd., Drayton, Middlesex, 12.00. McKechmiddlesex, 12.00. McKechmiddlesex, 12.00. Brillen Empire Securities & General Trust, Saddlers Hall, Gutter Lane, EC., 12.00.

Oversees Investment Trust, 23, Great Winchester St., EC., Scottish National Trust, Charles Oakley House, 125, West regent St., Glasgow, 12.00. Smart (J), 28, Cremard Road South, Edinburgh, 12.00. TR Far East Income Trust, Mermind House, 2, Puddle Dock, EC., 12.30. Wardle Storeys, Strantham Works, Brantham, Menningree Manningtree, Essex, 9.30. BOARD MEETINGS

The interim reporting season for the 10 water companies will

move into its final lap on

Wednesday when Severn Trent

is due to unveil the seventh set

of results. Analysts will be

wanting to hear whether Sev-

ern intends to concentrate on

its core activities for the

moment Indeed, some think in an attempt to put the Caird

not been doing so well. Fore-

casts for the whole group are

around £95m against £82.5m in

Little news is expected with

the figures of the group's plans to demerge Racal Telecom and Racal Chubb, the security divi-

sion, next year and to launch a

management buy-out of the remainder later.

the first half last year.

King William St., EC., 10.30, London & St. Lewrence investment, 27, Minories, EC.,

Room, Baltic Exchange, 14/ 20, St. Mary Axe, EC., 12.15. Mowat, The Butchers' Hall, 87/89, Bartholomew Close,

EC., 12.00. 90ARD MEETINGS

Charter Consolidate

Dowly Group
Ferranti International
Gold Fields Corporate

COMPANY MEETINGS

Services Northamber Stewart & Wright Sutherland Holdin

Wardell Roberts

Interins; Sooth Industries Bristol Evening Post Broad Street Harris (Phillip) Ivory & Sime Microles लागरमा Welsh Water

230. BOARD MEETINGS

Finals; McCarthy 5, Stone Strata Investments Sycamore Holdings Interims:

....esments unore Heldings times

general meetings otherwise stated.

#### PARLIAMENTARY DIARY

#### **MONDAY**

Commons: Energy questions. Road Traffic Bill, second reading. Private Business - King's Cross Bill.

Lords: not sitting. Select committees: Paccounts - subject, és: Public homelessness. Witnes Sir T. Heiser KCB and Mr O.A. Edmonds (Room 15,

**■ TOMORROW** Commons: Employment questions. Questions to the Prime Minister. Debate on Gulf crisis.

Lords: Census (Confidentiality) Bill, third reading. Statutory Sick Pay Bill, second reading. Debate on vocational training and retraining. Crime of Vagrancy (Abolition) Bill: second reading. Debate on request to the Government to provide indoor-outdoor wheelchairs for the most severely

Select committee: Foreign

Affairs - subject, southern Africa, Witness: Commonwealth Secretary General (Room 15, 4.15pm).

■ WEDNESDAY Commons: Environment questions. Opposition-led debate on the recession. Debates on EC documents relating to non-standard employment and a research and development programme on information technology. Lords: Debate on custodial and non-custodial sentences Debate on the movement of professional engineers within

Select committees: Energy subject, energy efficiency.
 Witness: Mr John Wakeham, Energy Secretary (Room 8, Environment - subject, indoor pollution. Witness: Dr

the EC.

Denis Henshaw, University of Bristol (Room 15, 10.30am). Foreign Affairs - subject. southern Africa. Witness: South African Foundation (Room 13, 10.30am).

Welsh Affairs - subject, future of opencast coal mining in Wales, Witnesses: Welsh Office officials (Room 18,

10.30am). Agriculture – subject, animals in transit. Witnes British Airways; Road Haulage Association; British Rail; UK Farmers Union (Room 6, 10.45am). Trade and Industry - subject, British Steel. Ravenscralg and Civdesdale works. Witness: Mr Ian Lang, Scottish Secretary (Room 15, 4.0pm). Employment - subject, Health and Safety Commission and Executive. Witness: Officials from the HSE (Room 20, 4.15pm). Public accounts - subject, sale of the National Bus Company, Witness: Sir Alan

Bailey (4.15pm, Room 16). THURSDAY Commons: Home Office questions. Questions to the Prime Minister. Estimates Day (first part), including a debate on Department of Trade and

Industry funds, in relation to investigations under the Companies Act and the Financial Services Act. Government-led debate on fisheries. Civil and defence votes on account and the outstanding winter supplementary estimates Lords: British Railways (No.3) Bill third reading. Maintenance Enforcement

Namibia Bill. committee

stage. Development Board

for Rural Wales Bill, second

and addressing environment

and population issues in the

Lords: not sitting.

if anv.

reading. Debate on Police and Criminal Evidence Act order. Debate on the Misuse of Drugs Act order. Debate on the Government's war aims if hostilities broke out in the Gulf. FRIDAY Commons: Debate on Government progress in assisting economic reform

**DIVIDEND & INTEREST PAYMENTS** 

Allied Signal 45cts
Anheuser-Busch 25cts
Arab Banking Fitg Rate Nts
2000 \$438.81 2000 3438.61 BankAmerica 25cts British Dredging 2.6p Chase Manhattan Fitig Rate Nts 2008 \$208.96 Chevron 77.5cts Dal-Ichi Kango Bank Y4.26 Dun & Bradstreet 53cts Exxon 67cts Fuji Benk Y4,75 teral Motors 75cts Grace (WR) 35cts Halifax Building Society 6% Nts 1994 3pc son Property Inv & Do. Lim Vtp 3.5p Honda Motor Y7 Honda Motor Y7 Hongkong & Shanghai Banking Prim Cap Und FRN Sec Ser \$103.48 Houston Industries 74cts London Atlantic Investme

Trust 0.72p Mitsubishi Bank Y4.75 Mitsubishi Electric Y4.5 Missubishi Electric \(^1\) Mobil 72\_Scts
Prowting 1.7p
Rockwell internation
Saltama Bank Y3.5
Sanwa Bank Y4.25
Scott Paper 20cts
Sesra 1.525p
Sec. Trust Of Scotter
Spirax-Sarco Engine Spirax-Sarco Engli Sun Co 45cts Tarmac 3p Texaco 80cts Time Warner 25cts Tokal Bank Y4.25

arclays Bank 134 % Nts 1992 Greenacre Group 0.1p
Hewden-Stuart 0.82Sp
Hunting 4p
Lloyds Bank Prim Cap Und
Fits Rate Nts \$441.61
London & St Lewrence Tenneco 80cts Tressury 3% Stock 1992 1.5pc III WEDNESDAY DECEMBER 12 Altied Irish Banks Ir3.5p Do. Fitg Rate Nts 1995 \$432.08

Exchaquer 12% Stock 2013/ 17 Spc FR Group 2.23p First Interstate Overseas Gtd Ftig Rate Subord Nts 1995 \$205.38 Glynwed International 4.15p Govett American Endeavour Fund 9.18cts Johnston Group 4.5o Johnston Group 4.5p llan Fund Ptg Red

Dana 40cts Densitron International 0.7p ECC Group 13p East Rand Gold & Uranium Do. OUT S 35cts

Do. OUT S 55cts

Reflex investments invoscop Seagram 50cts Smith & Nephew 1-735p Southeast Banking Fits Rate Subord Nts 1996 \$435.26 Trinova 17cts

Trinova 17cts
Trudor 1p
Unised Gold Minea 26cts
Welton Gold Holdings 38cts
Welton Ind. Inv. Trust 4p
Winkelhaak Mines 150cts
Young & Co's Brawery Non
Vig 6p
Do. A 6p
B SATURDAY DECEMBER 15
AECI 5½ % Cum Pri 5.5cts
Astec (BSR) 5½ % Una Ln Stk
86/90 2.75p
Caisse National Des
Autoroutes 16% Gtd Ln Stk
2006 8pc Coles Myer Finance \$5m 8.75% 21/11/94 4.375pc Do. \$10m 9.38% 22/2/94 4.69pc Development 12<sup>1</sup>4 % 8tk 2000/ 03 6.125pc Guardian Royal Exchange

Guardian Royal Exchange Assurance 7% Uns Ln Stx 88/ 91 3.5pc Guidehouse Group 8.5p (Net) Cnv Cum Red Pri 2006 4.25p Investors Capital Trust 514 % Cum Pri 8tk 1.8375p King & Shauson Holdings 2.5p Do. 5%, Cum 2nd Pri 1.75p Do. Cum Ptg Pri 1.75p National 7% Ln 87/92 3.5pc Pennzoll 75cts Pennzoli 75cts St Lawrence & Ottowa Reliway 4% Stg 1st Mtg Bds 2pc TRW 45cts United Blacuits (Holdings) 8%

### TRADE FAIRS, EXHIBITIONS & CONFERENCES

TANLIARY 8-9 The Joint Challenge For Unions Zero Coupon, Deep Discount and Management - managing change in working practice. New Connaught Rooms, London Manager, Industrial Conferences Division.

IIR Ltd Tel: 071 412 0142

Fax: 071 412 0144 LONDON **JANUARY 10 1991** How to be a success in a

A half day conference for members of the Property and Construction industry.

Contact: Pamela Austin KPMG Peat Marwick McLintock Tel: 071 236 8000 LONDON

JANUARY 10 The Telecomms Duopoly

Review Le Meridien Hotel. Examines the future of UK regime. Keynote speaker, Sir Bryan Carsberg plus speakers from cross-section of the industry.

CommEd: Tel 071 274 8725 Fax: 071-733 0226 LONDON

# JANUARY 14

The New Maps of Europe Convened by The Royal Institute of International Affairs and Economists Advisory Group. Chatham House, 10 St James's Square, London SW1Y 4LE Enquiries RIIA conferences: Tel: 071 930 2233 Fax: 071 839 3593

LONDON JANUARY 16 Neural Technology - the technology that will change the face of computation in business and industry Queen Elizabeth II Conference Centre, London. iOP Conferences. Contact: Tilly

Quanier. Tel: 0272 297481 Ext 225 Fax: 0272 294318 LONDON

**JANUARY 24 ACQUIRING IN GERMANY** Inn on the Park Hotel, Park Lane, London W1. A comprehensive guide to the M&A scene in the unified Germany. Sponsored by Coopers & Lybrand Europe and the Lecham Partnership. Contact FIBEX Tel: 071-489 9944 Fax: 071-236 6140 LONDON

### CONFERENCES

**JANUARY 28 Bonds And Other Funding Techniques For Today's** Property Market.

WC2. Contact: Nora Herbert. Henry Stewart Conference Studies Tel: 071 935 2382

LONDON

**JANUARY 30** Doing Business in Eastern Germany: The Legal Aspects Speakers from leading German law and accounting practices, the Ministry of the Economy and the Treuhandanstalt. Cavendish Conference Centre, London W I. Contact: Westminster Management Consultants Ltd.

JANUARY 31 PERSONNEL ON THE FRONT LINE Essential skills for human ource professionals, including performance appraisal, are examined in conference and workshops, Queen Elizabeth II Conference Centre, SW1 Contact: Personnel Today Workshop

'91 on: 081-979 9232. Fax: 081 941 7707 LONDON

#### **FEBRUARY 8** Teenage Hero Scribblers: A Pre-Budget View. Leading City Scribblers discuss

prospects for the economy in 1991. Chiswell Street Brewery. London ECI. Contact: Tracey Gleed. Conference Profile Ltd. Tel: 071 236 4938

LONDON

**FEBRUARY 12** MANAGING LT. WHEN THE GOING GETS TOUGH! Quality as the Differentiating Factor. One day seminar, Inn on the Park, London. Contact Amanda Stuart, IBC Technical Services Ltd. Tel: 071-236 4080.

LONDON

International Banking Enquiries: Financial Times Conference Organisation Tel: 071-925 2323 Fax: 071-925 2125

FEBRUARY 13 & 14

LONDON

Hotel InterContinental, London

To advertise in this section please telephone Mark Hall-Smith 071-873 3580

**FEBRUARY 18 & 19** 

European Insurance Forum Enquiries; Financial Times Conference Organisation WC2. Contact: Customer Services New Connaught Rooms, London Tel: 071-925 2323 Fax: 071-925 2125

**FEBRUARY 26 & 27** Cable Television and Satellite

Broadcasting Hotel InterContinental, London Enquiries: Financial Times nference Organisation Tel: 071-925 2323 Fax: 071-925 2125

LONDON

LONDON

**FEBRUARY 27** 

EXECUTIVE INFORMATION SYSTEMS One day conference on EIS and the future. Portman Hotel,

London. Contact: Lucinda Tosh, IBC Technical Services Ltd. Tel: 071-236 4080 LONDON

MARCH 4

London Motor Conference Hotel InterContinental, London Enquiries: Financial Times Conference Organisation Tel: 071-925 2323 Fax: 071-925 2125

LONDON

MARCH 6 & 7

The European Water Industry Hotel InterContinental, London Enquiries: Financial Times Conference Organisation Tel: 071-925 2323 Fax: 071-925 2125

LONDON MARCH 12 & 13

The European Food & Drink Industry in the 90s Hotel InterContinental, London Enquiries: Financial Times Conference Organisation Tel: 071-925 2323 Fax: 071-925 2125

LONDON

**CONTRACTS & TENDERS** 

BANGLADESH OIL GAS AND MINERAL

**Project Implementation Unit** BSB Bhaban (15th & 16th Floor) 8 Rajuk Avenue, Dhaka - 1000 Bangladesh.

EXTENSION TO TENDER PERIOD FOR KAILASHTILLA II SURFACE FACILITIES CONTRACT

In consideration of numerous requests from potential bidders, the bid closing date for the tender for gas treatment facilities at Kailashtilla under ODA fund has been extended up to 11.00 hours (BST) on 15th February 1991. Accordingly the same will be opened at 11.30 hours on the same day in the presence of bidders

All other terms and conditions of the tender will remain

#### **NORTHERN IRELAND** SOUTHERN HEALTH & SOCIAL SERVICES BOARD

PROVISIONS OF DOMESTIC SERVICES Within the next few months, the Board is proposing to

Competent contractors who would be interested in being considered for inclusion in the board's ad hoc select list are invited, in the first instance, to write to the Director of Estates, Southern Health and Social Services Board, 20 Seagoe Industrial Area, Craigavon, BTG3 5QD not later than 3 January, 1991.

COMPANY NOTICE

OFFICIAL NOTICE

Please be advised that London Metal Exchange Warrant No. 691920 covering 24 (Twenty four) drams PRIMARY NICKEL BRI-CUETTES of Impale Pleshum Idd production with a weight of 6204 Kgs. gross and 6000 Kgs. nett. stored in varietouse C Steinweg Rötlandam, has been replaced and should now be considered null and void

CSHAW LOVELL AND SONS LTD., PLANTA-TION HOUSE, 31/5 FENGHURCH STREET, LONDON EC3M 3DX

ISLE OF WIGHT

The FT proposes to publish this survey on March 17 1991. It will be of particular interest to the \$\$4,000 bessessman involved in the decision making about Relocating Premises who see also regular FT readers. If you wan to reach this important: audience, call Clave Booth on 021 873 4152 or fax 071 873 3078.

FT SURVEYS

CORPORATION

seek tenders for the provision of domestic services in

the Armagh and Dungannon Units of Management.

**RENTALS** 

KENWOODS RENTAL

FLATS AND HOUSES Short and Long Lets 23 Spring St., London W2 LIA Tel: 071-492 2271 Telex: 25271 Faz: (071) 262 3750

**CLUBS** 

EVE has oxidited others because of a policy on tair play and value for money. Suppo-from 10-3.30 am Disco and top musicians glemoreus hostesses, exciting Soorsbows 071 734 1585 189 Regent St., London Wil

MOTOR CAR ADVERTISING

appears every Saturday in

WEEKEND FT. REACH THE RIGHT READERS by advertising now Telephone James Burton 071-873 3218

# **APPOINTMENTS**

# Low and **Bonar** shake-up

■ LOW AND BONAR, Dundee based plastics and packaging company, has announced a shake-up of its senior management structure with the aim of strengthening its international operations, writes John Thornhill. The group's activities will now be organised into two

geographical zones rather than three product divisions. Mr Walter Telfer, previously deputy chief executive and finance director, has taken over responsibility for international operations, which include Low and Bonar's North American interests, and other activities

Mr Jim Leng, a main board director, has assumed responsibility for the group's European activities. Mr Garth McKenzie is retiring as president of Bonar Inc, the group's 79 per cent-owned Toronto holding company and Mr Newlyn Jones, previously chief

outside Europe.

executive of the specialist textiles division, will leave the group.
Mr Norman McLeod, formerly deputy finance director, will join the board as group finance director.

# Stock Exchange lay member

Mr Paul S. Lewis, group finance director, Tate & Lyle, has been appointed a lay member on the council of the INTERNATIONAL STOCK EXCHANGE. He replaces Mr Clive Strowger of the Mountleigh Group who has stepped down after 15 months'

GROUP, Crawley, has appointed Mr E.G. Vassar as non-executive chairman. He recently retired as a Lovell Group director. Moves at Risk

■ CGC INTERNATIONAL

Management Mr William F. Sennett, managing director of European Risk Management, Weybridge, and group vice president of the parent company, INTERNATIONAL RISK MANACEMENT CROTTE MANAGEMENT GROUP, Bernuda, is retiring from executive duties from January

1, when he will be appointed

deputy chairman of European Risk Management. He will continue as a member of the group's supervisory board of management as consultant, and will remain on the boards of the group's associated companies in Finland and France. Mr Robert L. Brown, a director of European Risk Management, becomes director and general manager from January 1, and Mr John A. Makinson is appointed marketing director, Europe,

from the same date. **Eaton Truck** 

senior posts Europe has appointed Mr Alan E. Best to the new post of managing director, truck components - Europe. Mr Best, who was managing director - operations, will be responsible for all European manufacturing, product engineering and business development activities. Mr Joaquin J. Zuza, who was manager of axle operations - Europe, has been appointed director - truck components operations - Europe. Both Mr

Best and Mr Zuza will be based at European headquarters, Hounslow, Middlesex. The holding company is EATON CORPORATION, Cleveland, Ohio.

Mr Richard Lowish (pictured) has been appointed general manager of ENGELHARD METALS where he will be responsible for all aspects of precious metals trading in the UK. He was managing director, Bank of Boston,

■ From today Mr Brian Horwits, circulation director of NEWS INTERNATIONAL NEWSPAPERS, becomes general manager. He is succeeded by Mr John East, previously assistant to the general manager. Mr James Neil is made managing director of News International Newspapers (Scotland).

■ LEONARD CURTIS & CO, independent insolvency specialists, has appointed Mr Jonathan Schapira as a partner from January L. He joins from Pannell Kerr Foster where he was the partner leading the London office

insolvency department.

# Changes at Chase Manhattan

Bank ■THE CHASE MANHATTAN BANK has appointed Mr Dennis M. Goggin, senior vice president, as general manager, corporate finance, UK, succeeding Mr Chris Mation, senior vice president, who is returning to New York to a ::: new post as InfoServ major new post as micesery major accounts executive. Mr Goggin has been general manager for the bank in Hong Kong since 1987, and has previously worked in London as head of

the bank's institutional

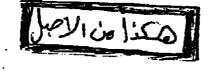
ے ئے



Mr Tony Gill (pictured), chairman and chief executive of Lucas Industries, has been appointed a non-executive director of NATIONAL POWER, the UK's largest electricity generating company. Mr Gill is also a non-executive director of the Post Office Board, a member of the advisory council on science and technology, the Engineering Council, the council of the Institute of Mechanical Engineering, and vice president of the Engineering Employers

m Mr David Chandler has joined THE SANWA BANK. London branch, as deputy general manager and head of syndications. He was senior director of corporate finance at Continental Bank.

Federation.



MONDAY DECIMA

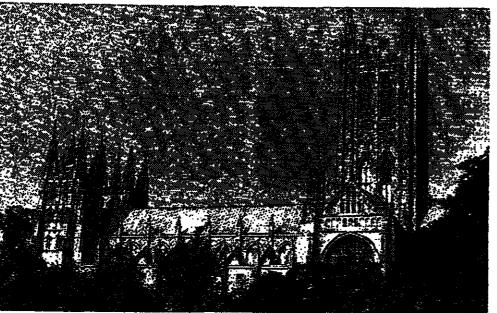
# Why not a cathedral for all faiths?

Colin Amery on an organisation devoted to non-denominational places of worship

t was Cardinal Newman who said that "material edifices are no part of religion". He did go on to observe that it is difficult to hold religious observances dithout them. In some ways the Church of England must be teeling the same way - it has demolished some 500 churches and made another 1500 redundant since 1958. However, enough has been written about the difficulties of propping up the fabric of the church; per-haps with Christianity's most sacred season upon us it is timely to consider the whole question of religious architec-

These thoughts are monpted by two things. First of all by the former Dean of Peterhouse, Edward Norman's, new book, The House of God: Church Architecture, Style and History (Thames and Hudson, 538) and by a meeting I had a while ago with Robin Water-field, the Chairman of the Norman is a practising Angli-can clergyman and Mr Waterfield is not, they both seem to share the view that there is a diminishing interest in strictly denominational religious buildings and a more general desire abroad for places of contempla-tion of the Divine.

Dr Edward Norman's book does a thorough job as a survey of Christian places of worship and assembly. He also provides a useful definition of churches as "the material evidence of a reality which is invisibly present." His book is not a piece of turgid architec-tural history but an account, as one might expect from a former Peterhouse man, that explains the roles of elites in successfully promoting particular styles of ecclesiastical architecture. It is more than the reader's awareness of the emotional weight that religious buildings inevitably carry.



Canterbury Cathedral, seat of the head of the Anglican church

The orthodox Christian view of the world is that it somehow represents in its own order the Divine view of things. But the very first Christian buildings were also very much dedicated to the cult of a person — albeit a person who was the incarna-tion of God. Early traces of Christian worship indicate places associated with the life of Christ, around his supposed tomb for example, and simple places decorated with early symbols. The transformation of pagan temples into Christian ones suggests the power of the faith and the mutability of architectural form. The cathedral at Syracuse, for instance, is built inside a Doric temple of the Fifth century B.C. The switch from the worship of Athena to the worship of Christ is in its way miraculous; but most remarkable perhaps is the perpetuation of the sacred quality of a site. In

Rome too, there are endless examples of one place of worship growing up on the remains of another, layers of faith cemented by something

intangible.

Some of the photographs in this book convey vividly the sense of religious atmosphere in churches and cathedrals of Europe. The author achieves this by his selection of paintings. By choosing artists to interpret secred places it is interpret sacred places it is possible to convey atmosphere in a way denied to the camera. The painting of the interior of Saint Mark's in Venice, with its swinging red banner, or the 19th century picture of the ceremonies surrounding the bien-nial liquefaction of the blood of Saint Januarius in Naples, both evoke powerfully the glory of ceremonial which may be a foretaste of eternity. Similarly Piranesi in Rome conveys both the pagan and sacred

sense of the Emperor Hadrian's Pantheon.

But the story of The House of God is one that questions many of the powerful human manifestations of church archi-tecture. Dr Norman explains, for instance, the rise of the "house" church, today's emphasis on the community rather than the church building. But in his search to define the nature of sacred places, he does not extend far outside the Christian tradition. What is the kind of architecture that is needed for people who have a sense of the numinous - a need for God - but do not subscribe to any of the established dogmas or denomi-

The Deventer Project is an organisation devoted to the idea of creating buildings that will be intended for the practice of prayer, meditation and contemplation. These places will be completely non-denomi-national and dedicated to the search for a unified sense of religious experience that holds it to be self-evident that all manifestations of God are part of the same unity.

of the same unity.

The title of the project comes from the name of the original home of the 14th century Brothers and Sisters of the Common Life. Thomas à Kempis was a monk of that order and its work was to seek the spread of religious knowledge on a world scale. The 20th century version of that idea proposes a series of buildings, throughout the world, all to a throughout the world, all to a common design - a hall surrounded by small rooms - that will be recognisably sacred but without denominasaired but without denomina-tional loyalties. It is difficult for a universal project like this to acquire a charitable status in Britain because it does not appear to have specific aims or doctrines.

Why build more buildings at all? It is clearly not possible for something deliberately undenominational to shelter under the roof of premises belonging to a known proselytising sect. But what is wrong with a sacred grove, or the pavement? There is inevitably a vague-ness about this project; but it is a benevolent vagueness. The millennium would seem to offer a timely moment to build something like a cathedral for all faiths.

The two thousand years of history Dr Norman explores show what a weight of stone we have already laid upon the earth in our quest for places that aspire to the transcendent. Man needs to build beyond his immediate needs; in the 20th century too few reminders of eternity have been built.

(Robin Waterfield, Chairman of the Deventer Project, may be contacted at 2 Gondar Mansions, Mill Lane, London

# A Streetcar Named

AS A LATE fanfare in Glasgow's European City of Culture year, the Stuttgart Ballet presented four performances at the Theatre Royal last week. Interest inevitably centred upon the British pre-miere on Friday of John Neu-meier's A Streetcar Named Desire, whose eponymous vehicle is intended for Marcia Haydée so that she may ride in stellar triumph as Blanche Dubois. Since I have always thought the play, and the char-acter of Blanche, exquisitely tiresome and over-wrought, I am not the ideal commentator upon this event. But I record that Neumeier's procedure has been to expand Tennessee Williams' drama so that we see Blanche's early life and learn from it - from her disastrous marriage, from her family sur-roundings - some of the reasons for her pitiable state when she arrives at her sister Stella's home as the play

begins.
The production offers constant shifts between present and past, between conflicts of memory and flights from psy-chic hurt, which form an allu-

sive means of comprehending Blanche's motives and her tragedy. So, while we are yet watching her early marriage, we are made aware of later promiscuity through a group of men at the side of the stage who represent the passing trade she knew at the Flamingo Hotel. And haunting everything, an omnipresent property, is the bed on which we initially see her in an asy-lum, before flash-backs start to unfold her story.

us with the customary trap-pings of Southern decline: the ball with girls in long dresses; the chandeller and the Greek columns of the ante-bellum house, and the horde of elderly relations in black. All very pic-turesque - and no less clicheridden than the seedy hotel where our heroine soon Goes scenes Marcia Haydée moves like a ghost, a creature in pale clothes, pallidly made-up. Hay-dée is admirably sensitive in means, touching the dance and the story with nervously prob-ing intelligence. A problem resides, though, in Neumeier's choice of score - the Prokofiev Visions Fugitives, whose title

Neumeier's second act becomes an elision and com-mentary upon the play itself. The stage is dominated by Richard Cragun's imperson-ation of Stanley, a stunning assumption of brutish virility by an artist whose every movement speaks of Neanderthal temperament marvellously

delineated.

Blanche's fluttering genteelisms, her hunger for innocence, are, in Marcia Haydee's performance, truly pathetic fantasies , and nowhere more so than in the relationship with Vladimir Klos' admirably sensitive Mitch.

This Streetcar suffers, I suspect, from its need to make too-literal choreographic sense of Blanche's setting as well as of her personality. Neumeier has inspired three exceptional interpretations - from Haydee, Cragun, Klos - but we comprehend them best through the play's resonances rather than through the dance.

**Clement Crisp** 



### Vladimir Klos and Marcía Haydée in John Neumeier's A Streetcar Named Desire

# Anne Sofie von Otter

**WIGMORE HALL** 

SINGING Scandinavian songs Lieder, in fact, but I don't know what Scandinavians call those - and Brahms on Saturday, Miss von Otter met her own best standards. That is high praise, for as a perform-ing musician she has been living a charmed life for some

time now. She wields her true, lovely mezzo - strong dramatic top, and a full-bodied low register too - with unforced confidence and acute intelligence, exactly matched by her platform-persona. No airs, and a minimum of acting-out; but all the communicative urgency one could want, and easy poise with it, and glints of mischief

too. She is a gem, as was somehow emphasised by her deeply Swedish costume for the occasion. (In rich material, with big, sharp lapels over a straight bodice, and then trim half-sleeves billowing toward the elbows; the Swedes are more mysterious than their

nised). She also had an uncommonly bright, non-routine part-ner in Bengt Forsberg, who found more striking ideas in the Brahms piano-parts than you would hear in a dozen

the better to expose some telling piano-line - sometimes jarred Brahms's deliberate smoothness and sonority, and in "Standchen" UMLT'a' and several of the Zigeunerlieder I thought his amusing rhythmic tricks overstepped the bounds of the idiom by some way. Yet it is a rare planist who can disclose so much unsus-pected muscle in these accom-

paniments, and it was a welcome lesson.
In the Scandinavian songs — Grieg, Sibelius and the obscure Sigurd von Koch - Forsberg

was wholly persuasive. In the third of the 1918 "Chinese Poems" of you Koch evidently a civilised late-Romantic artist of many parts -he blew up a terrific storm

In their Sibelius group mostly familiar and all in Swedish, they gave a fresh, immediate edge to every song, even the over-familiar, period-sentimental "Maiden's Tryst". His suddenly choked pedals (I can't pretend to any proper sense of the language, but my exacting Finnish guest declared herself well satisfied despite the absence of any

with the voice.

Sibelius song in Finn). The usual Grieg "Waterlily" was refreshed by a dewy twinkle; in the middle of his fine, ripe soliloguy "From Monte Pincio" they rushed their fences too hard, at some cost to its elevated breadth.

The second-last of their The second-last of their delectable encores, somebody's clever setting of the moral tale about "keeping hold of Nurse for fear of getting something worse", allowed Forsberg (declaiming from the keyboard) and Miss von Otter to display a rice appreciation of classbound nice appreciation of classbound

David Murray

# Tectonic Plates

**COTTESLOE THEATRE** 

prepared to be splashed - literally, with water from the hage sunken pool that holds centre-stage in the diminutive century of Chopin and the 20th Cottesloe, and metaphorically, century of the Doors' lead Cottesloe, and metaphorically, by the wave upon wave of imagery that flows from the extraordinary mind of Robert

Lepage.
Already something of a cult figure in London, through his previous shows The Dragon Trilogy and Polygraph, this French Canadian director and performer goes a step further this time, by reconstructing his epic Tectonic Plates with input from a Scottish cast which is reflected in a threading of

Scottish mythology.
It arrives at the National for a limited number of a limited number of performances after premiering in Gasgow, an audacious and stimulating piece of programming, however many reservations one may have.

Continuing his penchant for obscure titles, Lepage has named his show after the continental plates of the earth. continental plates of the earth, the shifting and erupting of which he sees as symbolic of the human condition. This is neatly illustrated in an early pianos are wheeled together and rotated, one topped by a model of the Statue of Liberty, the other by the Riffel Tower.

The piano motif continues in a show set variously in Paris, venice, New York and, personifies nature and man's perversely, Halifax; in the 19th fear of it. learn, are neighbours in a

Parisian cemetery.

What Lepage excels at is creating multi-dimensional, multi-media collages, full of transitory reflections and resonances. In this case a Venice in Peril auctioneer sells off a Delacroix painting of George Sand, one half of a double portrait with her lover, Chopin, sending us off on two apparently disparate trails.

One involves love, musical genius and cross-dressing theirs, his and hers respectively; the other cuts sideways through the Delacroix archives to his painting of the drowned Ophelia, magically conjured with slide projections on to a white muslin shroud dragged across the surface of the pool. The two lines are bridged by the show's obsession with life, death and sexual politics: Ophelia, like her modern counterpart, a fey young heroin addict, commits graceful suicide; Chopin and Sand are torn apart. Somewhere in their midst lurks the Caledonian goddess

The picture-making is beautiful, often funny and profligacy of invention that eaves one gasping.
One minute, sundry art collectors are sitting in a Venetian auction knee-deep in

water, the next we are

acudding down canals on a gondola fashioned from the

But as with Polygraph, his

ubiquitous pianos.

metaphysical detective story named after a lie detector, the problems begin when one begins to look beyond the nagery for the substance. Rather surprisingly for someone who deals in such technical complexities, Lepage's texts seem almost banal, steering an erratic course between a naive psychology of human relationships and a pretentious extrapolation to their environmental and spiritual causes and effects. Supreme theatrical wizard he may be, sage he is not. At the risk of being accused of sacrilege by performance devotees, I admit I would queue for miles to see

him tackle *Homler* Claire Armitstead

# Out of the East

At the centre of Matrix's icism to a fine, potent brew. At the centre of Matrix's stimulating, well-devised pro-gramme on Friday was a new song-cycle of knife-twisting power. The composer Dominic Muldowney and the poet James Fenton have collabosongs in what might summarily, and crudely, be described as Weill-Brecht vein, for two singers, of "chanson-nier" rather than Lieder or operatic type, and small instru-mental ensemble. They add up to an important new vision of war-horror.

It is war in general, but also war in particular - 20thcentury, high-tech (with casual chilling references to napalm and river-mines), and sited in south-east Asia, mainly in Vietnam. Fenton's gift for writing words of wry, plain eloquence that crave musical setting seems here to equal Auden's, he has avoided easy irony, facile breast-beat-ing. Each of the four songs, and also the introduction, Blood and Lead, that returns as the cycle's farewell, contains its sting within tightly disciplined closed forms. Popular song, in all senses, lies behind both the text and the musical setting.

Muldowney's music directorship at the Royal National Theatre has obviously distilled his natural communicative lyrEach of the songs strikes its style — whether large-scale and multi-paragraph (the first, Out of the East) or patter-comic-fast in music-hall vein (the Tast, Here come the Drum Moioretten) — with develope speed and accuracy.

The sheer concentration of

the cycle recalls the best of Weill, Eisler, and Henze in Voices vein. Altogether, Out of the East is an important addition to the literature. It was quite brilliantly delivered, in a light and precise staging, by Robyn Archer and Richard Walsh; the ensemble under Robert Ziegler was counter-pointed by Muldowney himself at the piano. It needs to be recorded, on disc and for television, with the same perform-ers: I'm hungry to explore it

The whole programme deserves further dissemination: to open, the tenor Damon Evans and pianist Joanna McGregor, joined at midpoint by the mezzo Patricia Bardon, giving an overheated but nev-ertheless deeply felt Janacek Diary of One Who Disappeared, in Rodney Blumer's superb trendetign; to close a tight translation; to close, a tight, hard-edged account of the Weill-Brecht Mahagonny Song-

Max Loppert | popular image has ever recog-

# December 7-13

Auditorio Nacional de Musica Augustio (1887 01. 00).
Joaquín Soriano (piano). Mozart,
Schumann, Rachmaninov, Scriabin (Thur). Auditorio Nacional
de Musica (337 01.00).

Klara Takacs (mezzo-soprano), accompanied by Miklos Harazdy (piano). R. Strauss, Wagner, Schumann (Mon). Palau de la Musica Catalana. (301 11 04).

Canadian Brass. Christmas programme (Tue). Carnegie Hall (247 7400).
Boston Symphony Orchestra conducted by Seiji Ozawa with Peter Serkin (piano). Verdi, Schoenberg, Beethoven (Wed). Carnegie Hall (247 7400). New York Philharmonic conducted by Samuel Wong with Vladimir Feltsman (piano). Schnittke, Rachmaninoff, Shostakovich (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

### Washington

Sherry. Schubert, Brahms, Men-delssohn (Wed). Concert Hall, Kennedy Center (467 4600). National Symphony conducted by John Eliot Gardiner with Joshus Bell (violin). Chambrier, Schumann (Tue). Concert Hall,

# Olaf Baer

The Wigmore Hall narrowly avoided having two dark nights last week. The hall had long ago sold out for the two recitals by Brigitte Fassbaen-der and it was a disappoint-ment when she was forced to withdraw at the eleventh hour through illness. It was too late through illness. It was too late to find a replacement for Tues-day, but on Friday, Olaf Baer stepped in to give an all-Brahms programme. It was the baritone's first London recital

in over a year.

At the Proms in the summer Baer had been on less than his best form and had some trouble getting his voice to carry. The Wigmore Hall, though, is a friendlier venue and one in which he evidently feels at home. With his soft-grained voice, this singer will never command by might alone, but here he is able to work within his natural range, supported and only occasionally overpowered by his regular accompanist, Geoffrey Parsons.

It is difficult to think of any

songs that suit him better than Unlike some of his peers, Baer does not invite accusations of "arty" interpretation. He is engaging in narrative, entirely at his ease in the homely affec-tion of "Da unten im Tale", and lyrical, warm, mellifluous in quiet songs like "All' mein' Gedanken" - at least until the voice loses its focus, which it

does a little too often. Where Brahms aims higher, he is as yet less successful. The Four Serious Songs, in particular, were given a partial, incomplete reading. While the songs are dealing with death the comforter, Baer is as satisfied as a partial of the comforter. fying as anybody. But as soon as he has to get to grips with difficult music, fighting its way through suffering and bitter-

ness to achieve a sense of stoic

resolution, the performance The audience had a more comfortable evening than they could have anticipated. Fass-baender and Baer are at the opposite poles of Lieder sing-ing. She is a one-off, disturb-ing, challenging, ungainly, determined to say new and dif-ficult shours. ficult things; he is the inheri-tor of tradition, an idiomatic and appealing artist, who asks to be judged by how well he retells what we know already. How many in the audience. I wonder, follow them both?

### Richard Fairman

Soho Poly

Burning Patience by Chilean playwright Antonio Skarmeta is the last full production at the Soho Poly Theatre before its lease expires next month. The production runs until Sat-

# **ARTS GUIDE**

MUSIC AND OPERA

Chamber Orchestra of Europe. directed by Paavo Berglund, play Haydn and Sibelius (Mon). Barbi-

Haydn and Sibelius (Mon). Barbi can Hall.
City of Birmingham Orchestra conducted by Simon Rattle perform Mozart and Ravel (Wed).
London Symphony Orchestra conducted by Sir Colin Davis perform Mozart (Thur).
Royal Opera, Covent Garden.
A new production by Adolf Dresen of Fidelio conducted by Christoph von Dohnanyi.
English National Opera, Coli-

English National Opera, Coli-seum. Cosi fan tutte, in John Cox's stylish 1980 production. returns with a new cast and Peter Robinson as conductor. Further performances of the new double bill - Delius's Fennimore and Gerda, Pucchi's Gianni Schiochi are conducted by Charles Mackerras.

Katia Ricciarelli. Vivaldi, Han-del, Gluck, Cherubini, Donizstii (Tue). Bastille Opéra (40011616). Noel Lee-Christian Ivaldi, piano. Schubert, Debussy, Stravinsky (Mon). Salle Gaveau (49530507). Gheorghe Zamfir, Pan's Flate with the Oratorio's choir and

with the Oratorio's choir and
French orchestra, Versailles
polyphonic ensemble, Francis
Poulenc choir conducted by JeanPierre Lore: Bach, Bartok, Zamür
(Mon). Salle Pieyel(45638873).
Ensemble Intercontemporain,
Ensemble Moderne conducted
by Peter Eotvos, Zoltan Kocsia,
piano, Miklos Perenyi, cello, BBC
singers: Kurtag, Bario (The). singers: Kurteg, Berio (Tue). Théatre des Champs Elysees.

Ensemble Orchestral de Paris conducted by Armin Jordan, Raphael Olag, violin: Mozart, Beethoven (Tue). Salle Pleyel Paul Badura-Skoda recital (Tue).

Salle Gaveau (49530507). Orchestre de Paris conducted by Semyon Bythkov, Jean-Philippe Collard, plano: Bizet, Saint-Saens, Dutilleuz, Ravel (Wed. Thur). Salle Pleyel (45638873). Orchestre National de France conducted by Karl Anton Rickenbacher: Mendelssohn, Ives, Bee-thoven (Thur). Theatre des Champs Elysees (47203637).

Les Arts Florissents conducted by William Christie: Marc-Antoine Charpentier (Thur), Audito-rium des Halles (40282840). Josef Nadj and his Théâtre jel come with a surrealistic pre-miere of Comedia Tempio. Theatre de La Ville (42742277).

Choreography by Balanchine, Lubovitch, Garnier, Rylian to music by Stravinsky, Pacher and Janatek, Opéra Palais Garnier (47425371). ner (\*14253\*1). Otello. The strike-plagued production is followed by *Pignro's Hochzeit* conducted by Gabriele Ferro. Bastille Opéra (40011616).

### Antwerp

Collegium Aureum and Tolzer Knabenchor conducted by Ger-hard Schmidt-Gaden. Bach's hard Schmidt-Gaden. Bach's Christmas Oratorio (Thur). De Singel. Monnaie Opera in Mefistofele by Arrigo Botto (con-cart version), conducted by Emil Tchakarov with Jose van Dam, Wieslaw Ochman, Margaret Jane Wray, Elzbieta Ardam, Franco Carecria (19.248-28 om

Wiener Kammer Philharmonie conducted by Claudius Traunfell-ner with Bettina Gradinger (vio-lin), Wolfgang Redik (violin). Bach, Mendelssohn, Rossini, Schoenberg (Tus). Maison de le Parile (849 00 14) Schoenberg (Tue), haason de la Radio (649 09 14).
Kominkijke Vlaamse Opera.
Royal Flanders Opera in Van
Gogh, Un Malheureux vetu de
noir by Jan van Vlijmen, conducted by Reinbert de Leeuw,
staged by Axel Manthey, with David Pittman-Jennings, Guy de Mey, Stella Kleindienst, Wout Oosterkamp and the Schoenberg Ensemble (03-233 66 85).

### Muziektheater. Netherlands

Opera in a co-production with the English National Opera of Verdi's Un Ballo in Maschen, directed by David Alden. The Netherlands Philharmonic is conducted by Michael Halasz and the cast includes Links zarnovskaya and Emil Ivanov The National Ballet presents Suon Luke choreographed by Van Dantzig and Van Schayk after Petipa/Ivanov (255 455).

Janos Furst conducting Fauré, Lalo and Bruckner (Mon, Tue). Auditorium in Via Della Conci-lizione (6541044). Nuovo Quartetio di Roma play Fauré and Brains (Thur). Orato-rio del Confelence (507000).

Renata Scotto (soprano), Vin-cenzo Scalera (piano). Gluck, Rossini, Verdi, Puccini (Wed).

Chamber Music Society of Lin-coln Center directed by Fred

Chicago Symphony Orchestra conducted by Erich Leinsdorf. Stravinsky, Prokofiev (Thur). Orchestra Hall (435 8122).



ITS

Changes

at Chase

Ratik

Manhattat

T.

9-17-55

# **TRANSFORMATION** IN EASTERN **EUROPE**

The FT proposes to publish this survey on February 4 1991.

It will be of particular interest to the 54% of the Chief Executives in Europes leading companies who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873

FT SURVEYS

Monday December 10 1990

# Superpower that said 'no'

AS EXPECTED, the supposedly final ministerial meeting of the four-year Uruguay round of international trade negotiations came to its climax in Brussels last week and duly foundered upon the rock of European Community obduracy. The EC will protest at this version of events. But it will protest in vain. Many are called to take responsibility for what happened, but the EC is chosen. It is now up to its lead-ers — above all to Chancellor Helmut Kohl of Germany — to undo that choice.

True, agriculture is, as EC spokesmen insist, not the only difficult issue in the round. Reaching agreement in services, textiles and intellectual property will be far from sim-ple. While there has been movement in all three areas, many obstacles must still be surmounted.

True, too, the EC is not the only superpower that has failed to live up to its responsibilities. The US, for example, has raised expectations, most importantly in Congress, beyond what could be deliv-ered. And if the US has been aggressive, Japan has sought invisibility, happy to hide in the shadows cast by the EC's

None the less, agriculture has always been the keystone of the Uruguay Round and the EC alone can put it in its place. After the Montreal mid-term meeting, the EC accepted the obligation to "substantial progressive" reductions in support. Even the EC's most committed supporters would be hard put to it to defend its offer to cut the present exorbitant levels of support by 30 per cent from the 1986 base - and perhaps half of that from now as meeting this objective.

#### Specific commitments

The EC should think again and then offer at the least specific commitments on internal support, on barriers to imports and on export subsidies, along with a willingness to discuss extending those cuts throughout the later 1990s. Otherwise, the round will fail. The long-standing call for developing countries and former members of the eastern bloc to liberalise their economies and participate in the international trading system will be revealed as pure hypocrisy, with the EC will respond.

The attitude taken by EC spokesmen to this possibility seems to be one of haughty indifference. The EC, as the egregious Mr John Gummer the UK's minister of agricul-ture, remarked last week, is the world's leading trading power. It need, he suggested, take no impertinence from the US, merely the world's second most important trader. As for the other participants, the EC seems to regard them as riff-raff, either to be bullied or

#### Market disruption

The EC is, indeed, a trading superpower. But what is this treasure of European civilisation that it wishes to use its power to preserve? The "principles" of the Cap to which the EC has so often pledged allegiance are seen by all the world as nothing more evalted. world as nothing more exalted than waste, fraud and market

Is the Cap cheap? No; the total cost to consumers and taxpayers comes to about £700 per household, a sum close to the cost of the hated poil tax for a household of two people. Is the Cap socially progressive? No; with two thirds of the support going to fewer than a third of the farmers, it most benefits large farmers and nost harms poorer consumers. Is the Cap politically effective? No; it has left millions of smaller farmers miserable and has given its largest gains to the lucky landowners who bought or inherited before it came into its full glory.

That then is the system that the EC feels it must defend at all costs. That is what being a trading superpower appears to mean to the EC: to be intro-spective, when it should be outward-looking; to be mean, when it should be generous; to be parochial, when it should be cosmopolitan.

Can this be the sort of role that a reborn Europe wishes to play on the world stage? Only in trade is the EC a superpower, with the power to strengthen, or destroy, the lib-eral international trading system. It has perhaps a month to decide between its responsibili-ties and its affection for the Cap. The test has come. The

# Banks and their customers

IF BRITAIN'S bankers ever wonder why they are unpopu-lar, the new draft code of banking practice published last

week supplies the answer. Throughout the document runs the basic assumption of all large bureaucracies: that the real world, with its inconveniences and confusion, must forever take second place to the logical perfection of the

dures. The internal workings of the bank, not the customers' needs, are the ultimate arbiter. Explaining the way the system works is therefore deemed to be enough to answer any

query.
For example: "Many people's are confused," says the code's preamble, with an Olympian air of detachment, "as to how the clearing cycle works and the difference between cleared and uncleared balances."
This confusion - which is,

implicitly, the customers' own fault - is all the banks offer in response to some strongly-worded criticisms in the Jack That report appeared 22 months ago, followed by a government white paper endorsing many of the Jack committee's recommendations. Last week's code is the leisurely response. The Jack committee had asked the banks to find ways - on each machine slips and

bank statements - to tell cus-tomers how much money they are entitled to withdraw, their 'cleared balance". The bankers reply that this would "complicate rather than simplify matters", and lead to "numerous queries and confusion". Greater confusion surely arises, however, every time a customer has to pay overdraft ment firmly in the black. because of mistakenly drawing

# Card liability

A similar lack of enthusiasm for the Jack committee's proposals is shown in the draft code's approach to the ques-tion of liability for the use of plastic cards. A customer's liabilities are strictly limited, in the case of credit cards, by statute. But no such limit applies to "debit" cards, the electronic equivalent of a view.

against an uncleared balance.

The draft code offers, at last, some protection. If there is an unauthorised cash withdrawal or payment before the cus-tomer has told the bank that a card has been lost or stolen, the customer's liability is lim-ited to £50. So far so good. But in the very next clause, the code undermines the value of the concession. It says: "Customers may be liable for all losses if they have acted fraud-

ulently or negligently".

What is negligence in this context? Few customers could say that they have never done anything with their card or its "pin" number that a bank might regard as negligence; let-ting someone else use the card in an emergency, for instance, or writing the pin number, in a clumsy code, in the front of a

Customer negligence

If a customer is negligent, in this very broad and sweeping way, he or she is liable for the whole sum of any money with-drawn, before or after notifying the bank about loss or theft.

The protection offered on debit cards is thus much less than on credit cards - and, indeed, on paper cheques. This is clearly undesirable: some much more limited definition of negligence is essential.

The code also falls short of

customers' reasonable expecta-tions in the area of confidentiality. The banks appear to be determined to preserve the right to give confidential cus-tomer information to their investment and other financial subsidiaries for marketing purposes. This is plainly wrong as a matter of principle customers should be asked to give con-sent to such a transfer of confidential information.

The code is none the less a step forward, especially when taken together with other moves the banks have made since the Jack report; the introduction of standard, publiclyavailable fee schedules, for example. Before the draft becomes a final document in the new year, however, the banks and building societies need to show further that they are capable of seeing the issues from the customer's point of

oney, as far as Hollywood is concerned, has little colour or nationality.

Money is the raw material of movie-making, and lots of it is needed when a single blockbuster can cost up to \$50m. Money buys hot prop-erties, scripts, directors, stars and glitzy mandons in the better parts of Beverly Hills and Malibu - but these

days it is in short supply.

That is why last month's news of the planned \$6.6bn takeover by Japan's Matsushita, of MCA, the entertainment group that owns Universal Pictures, was well received in Hollywood, even if it raised hackles among Japan-bashers in Washington.

The US entertainment industry is

The US entertainment industry is the country's second-biggest export earner after aerospace, but four of the seven main Hollywood studios are now in foreign hands. This explains why Matsushita has hired influential lobbyists such as Mr Robert Strauss, the former Democratic party chairman who is also a member of the MCA board, and Mr Jody Powell, former press secretary to President Jimmy Carter, to smooth the way in Washington.

In Hollywood, however, nobody really cares if Mr Rupert Murdoch owns Twentieth Century Fox, or if Sony of Japan owns Columbia Pictures and CBS Records, or if a controtures and CBS Records, or it a controversial Italian named Giancarlo Parretti owns the remains of the once-legendary Metro-Goldwyn-Mayer. And if the Japanese are buying Universal, the studio that brought you Jaws and ET, then so be it. Even Disney, MCA/Universal's arch-rival, recently according to the state of the second o recently agreed a deal for \$600m of Japanese finance to make its films.

Last spring, when Mr Parretti was beginning to stalk Mr Kirk Kerkorian, owner of 80 per cent of MGM/UA, the issue of a foreign "invasion" of Holly-wood was on the table. Mr Freddie Fields, a veteran Hollywood producer whose films include American Gigolo and Glory, spoke for most film indus-try insiders when he ridiculed the xenophobia: "Look," he said, "Sony isn't going to orientalise the movies at Columbia any more than Parretti is going to Italianise them. This is business and the infusion of foreign money is exciting."

Under American law, ownership of US studios by foreign interests is per-mitted, while the main US broadcast networks are forbidden to buy. However, some of those interests have been influential in barring US pro-gramming from foreign markets - a key demand by the US in the Gatt talks has been that other countries drop such restrictions.

There is more than a little irony in the notion that a substantial chunk of US popular culture is now no longer US-owned - and in the fact that it was Hollywood's main power broker.
Mr Michael Ovitz, head of Creative
Artists Agency, who brought the
MCA deal to Matsushita. Mr Ovitz,
who also helped broker the Sony-Columbia deal, was hired a year ago by
Matsushita to scout for accordations Matsushita to scout for acquisitions. Last August he approached Mr Lew Wasserman, the 77-year-old MCA chairman who helped build the company and whose family has been pressing him to slow down, bow out and think of estate planning. CAA has not disclosed its fee on the transaction, but insiders say Mr Ovitz's firm will earn \$60m on the deal.

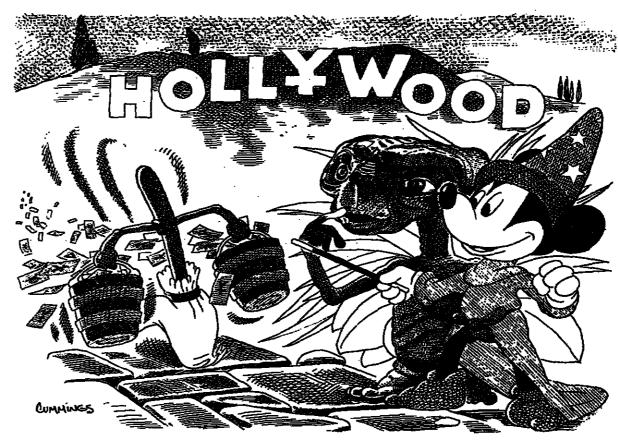
Different motivations have driven different deals. For Messrs Murdoch Hollywood film libraries and production facilities. These would generate revenues by making successful films and farming out rights to a global array of US and foreign theatrical, home video, cable and satellite television and other outlets. Owning copyrighted movies and recording artists can be worth hundreds of millions of dollars if the rights are sold off in pieces around the world.

For Sony and Matsushita, which between them have spent more than

\$10bn over the past 12 months acquir-

Alan Friedman and Ian Rodger look at the reasons for - and reactions to - Japanese investment in Hollywood

# New money comes to Tinsel Town



ing Hollywood studios, the prime strategic motivation is not merely to build an integrated worldwide production and media distribution entertainment network based in Hollywood. What they hope to achieve - by gaining control of large libraries of film and music - is to promote and pro-tect sales of the electronics equipment they now make or intend to make.

This strategy is based on the theory that producers of electronics hard-ware will be best positioned to prosper in future by also owning the "software" (movies and records). It was a factor in the acquisition of EMI by Thorn in 1979: EMI's music and recorded entertainment base could be used as a software feed-in to Thorn's television hardware, a concept now abandoned Mr David Geffen, the wunderkind record and film producer who is MCA's biggest single shareholder and stands to make \$700m on the Matsushita deal, calls this Japanese thinking "the Gillette theory -if you're going to make razors, you'd better make blades".

ince of having control o "software" first became apparent to the Japanese when Matsushita and its commercial allies succeeded in the 1970s in making their VHS standard for home video-cassette recorders (VCRs) more popular than Sony's Betamax. Betamax was technically superior - and is still the worldwide standard for professional video work - but Matsushita early on convinced film rights holders to make VHS versions of their films. Sony was lackadaisical about developing Beta pre-recorded tapes, confident that Beta's

technical superiority would be enough to win the day. But consumers tended to buy VHS VCRs because there was more programming available than on Sony's Betamax tapes.

Mr Sidney Sheinberg, MCA president, claims that had Sony owned the Columbia Pictures film library at the time, Betamax would have prevailed. Likewise, in the mid-1980s, Sony, a eading producer of compact disc players, wanted to encourage more people to convert to CDs from records and cassette tapes. With control of CBS Records, which it bought for \$2bn in 1987, it could force an important record publisher to accelerate its CD production programme, thus putting pressure on others to follow suit. Similarly, both Sony and Matsush-ita will want to use the film libraries

they have acquired to promote their video equipment. Their view is that music and films are simply what is needed to maintain and boost sales of Moreover, the notion of quality

tends to arise mainly in a technical sense, Mr Akio Tanii, Matsushita's president, said in a statement last month that digital technology had made possible the reproduction of higher-quality sound and picture. "Excellent software and highly advanced hardware are integrating smoothly," he said.

Mr Sheinberg predictably defends the Japanese strategy, saying that companies such as Sony and Matsush-ita are fearful of being "frozen out of the market" and do need to have either control of studios or productive relationships with producers of enter-

tainment software. But not all industry insiders agree. Mr Jim Harmon, chairman of Wertheim Schroder, the New York investment bank that specialises in the entertainment sector, is sceptical about "synergies" between hardware and software. He calls the idea "inflated" and predicts that half the current crop of foreign buyers of Hollywood studios "will regret their decisions three to five years from

Mr Harmon goes further, however, and points out that cross-border joint ventures are difficult in any industry, and doubly so in the volatile world of entertainment. He argues that the Japanese "have no idea of the difficulty of managing the people, the prima donnas, the limousine and private jet people and the different culture of Hollywood. Even Coca-Cola, a US company, found that its culture didn't mesh with Columbia when it was the owner." The chief executive of a large US

entertainment group, a competitor to MCA, questions what will happen "if three years from now Matsushita ha invested a total of \$8bn and it isn't working". He predicts that the Japanese "will send one of their men over and put him in an office", and that this could result in the kind of clash of cultures that has emerged at times of cultures that has emerged at times in the attempt by transplanted German executives to manage the US music and publishing interests bought by the Bertelsmann group. Bertelsmann, unlike the Japanese, has adopted a hands-on approach of direct management of US holdings such as the Doubleday publishing

group, and this has led to conflicts. group, and this has led to conflicts.

Mr Sheinberg, who is expected to take over from Mr Wasserman when he retires, claims that talk of Japanese interference in the creative process in Hollywood is "ludicrous". Mr Geffen says that any concerns "really reflect latent racism".

At Columbia Pictures, one executive on the creative side insists there has been absolutely no interference from Sony. And Mr Rupert Murdoch, who has revitalised Twentieth Contury Fox and launched a successful television network since buying Fox

tury Fox and munched a successful television network since buying Fox in 1985, says that foreign ownership of Hollywood docsn't change the nature of the business. "Hollywood," says in Murdoch, "was founded by emigres"

and it hardly matters if they come from Osaka or Orvicto.

There is, however, simply no way round the fact that Matsushita is a conservative and rather faceless Japanese company with more than \$40bn of annual sales and a corporate alogan far removed from the glamour of Tinsel Town: "Human electronics - tech-

sel Town: "Human electronics — ischnology for the benefit of mankind."
What, if any, influence will the dapanese owners in Hollywood exert on
the material produced by Americans?
If the practices of the Japanese entertainment industry are any guide, the
result could be dire. Its key feature is
the low prestige and lack of power of
all but a few authors and artists. In all but a few authors and artists. In their place, a handful of companies conceive, produce and rush to market a plethora of mediocre films, songs, singers and television programmes, most of which are discarded, forgotten, within weeks. It may be argued that the same trends are present in the west, but the Japanese seem to have taken them to new extremes.

If the US system of three national television networks has led to lowest common denominator programming, the Japanese system of five networks has led to an even lower level, with endless quiz, freak and talk shows dominating the schedules. Similarly, the Japanese pop music scene moves at bewildering speed, with new singers or "talento", as they are called, emerging at the rate of nearly one a day. Only a tenth of them lasts longer than a few weeks, according to a Japan Phonograph Record Associaagain rhonograph nector Associa-tion official. The industry published no fewer than 5,106 new songs last year. "The cycle is becoming shorter, reflecting the faster lifestyles of young people," an official at CBS-Sony cave

Sony says.
One cause for concern is the Japa nese preference for avoiding controversy, which may translate into an unwillingness to deal with controver unwillingness to deal with controver-sial or difficult subjects. Last Monday, Mr Tanii refused to give assurances that Matsushita would permit the making of films critical of Japanese society. Asked whether Matsushita would allow MGA to make a film about the role of Emperor Hirohito in the second world were he said. the second world war, he said: "I could never imagine such a case, so I cannot answer such a question."

Mr Tanii later clarified his position, stating that creative decisions were up to MCA. "Matsushita has no inten-tion of becoming involved in decisions regarding the subject or content of creative products at MCA." Any other policy, he said, "would be inconsistent with sound business practice".

Mr Aklo Morita, the more cosmopolitan chairman of Sony, was asked the same question a year ago when Sony bought Columbia. He replied that he would never think of interfering in editorial decisions, but he could not guarantee that distributors would be willing to distribute such a film in

Japan.

Back in Tinsel Town these issues are discussed, in boardrooms, on the golf course and among the cigar-chomping set at the Polo Lounge of the Beverly Hills Hotel. But the bottom line for Hollywood is that foreign owners bring capital, and if that is a short-sighted view, it is very much in keeping with a town where you are only as good as your last big hit.

Penn thad s

This party

ge girbort 200

#### Switched on contender

■ Glasnost moves in a mysterious way. The latest front-runner for the critical job of vice-president to Mikhail Gorbachev in the Soviet Union is Nursultan Nazarbayev, dynamic Communist Party boss and president of the Kazakhstan republic. He revealed his candidacy

at a closed meeting of the Kaz-akhstan parliament, saying he had been secretly invited to stand either for vice-presi-dent, or Soviet prime minister.

The trouble was that some-one forgot to switch off the transmitter relaying the parlia-ment's proceedings to the press

nent s processings to the press centre upstairs. Nazarbayev looks more likely to win approval than the others mentioned so far: Eduard Shevardnadze, the foreign minister, Vadim Bakatin, just relieved of his interior minister's post, and present prime minister Nikolai

Ryzhkov. The first pair are too liberal for many members of the Con-gress of People's Deputies. Shevardnadze's home republic of Georgia is also set on outright secession from the union, which could prove embarrassing. Ryzhkov is largely discredited by the incompetence of his government.

Nazarbayev is a non-Russian, which helps Gorbachev in his desperate efforts to keep the union together, and would probably be solidly backed by the conservative central Asian republics. He is also a loyal Communist, but one who has adapted to peres-

### Raised

■ The heads of some foreign securities companies in Tokyo change so fast they're gone almost before the ink is dry on their name-cards. Others believe that three years at most is enough time to devote to Japan. They should all take

# OBSERVER

a lesson from Deryck Maughan, head of Salomon Brothers' Tokyo office, who has been in Japan since 1986 and has no plans to leave yet. In that time, Salomon Brothers has grown into much the most profitable of the foreign securities companies in Japan. As a reward for his work in Tokyo, 42-year-old Maughan has just been pro-moted to be one of the seven

vice-chairmen ranked immediately below his company's chairman and chief executive officer John Gufreund. Maughan contrasts with the stereotype of a Salomon Brothers executive: the brash hustler portrayed so effectively in the book Liar's Poker. A

tall soft-spoken Englishman, he looks more like the British Tressury official he once was than a Wall Street trader. What's more, he has never played liar's poker in his life.

Precious time ■ Asprey was a little coy about the price of the limited edition, platinum-cased watch which it advertised in the FT last

week.
Inquiries reveal that you can have it for a mere £400,000. But that does include VAT.

# Paper bridge

One branch of reunified Germany which needs no telling that old divisions persist is tts newspapers. Hardly any of the big national dailies have heen able to establish themselves east of the Elbe (the sole exception is the brash best-sell-ing Bild, whose downmarket simplifications are lapped up by east Germans). Even the Frankfurter Allge

meine Zeitung - flagship of the country's conservative

press, which styles itself "the

newspaper for Germany" -sells only about 15,000 copies

man bishoprics, dates back to Napoleonic times. Relaunched after the Second World War, it is losing money on a circulation of 100,000. Editor Thomas Kielinger believes the revamped paper could reach sales of 150,000. The plan is to take over two existing east German weeklies and bring out the new product in three regional editions.

### Past bucks

The air of introspective gloom and "image concern" now descended on Wall Street is prompting some interesting spin-offs. Not the least of them is a scheme to set up a

"First a trade war, now this."

a day in the east as against

Hence the FAZ's ambitious plan to bridge the divide by

taking a 60 per cent share of

based in Bonn, and expand

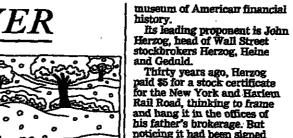
it into a broad-based weekly appealing to readers on both sides of the former frontier.

Rheinischer Merkur, which operates under the curious

ownership of nine west Ger-

the liberal-conservative weekly journal Rheinischer Merkur

360,000 in the other half.



noticing it had been signed by the Vanderbilts, he kept it and began buying other financial memorabilia. As his collection grew, the museum idea got tossed around from time to time accelerated by press mutterings about "the teachings of history" in the wake of the 1987 stockmarket

After a couple of temporary exhibitions in the old US Custom House in the thick of the Wall Street area, Herzog has been joined by other enthusi-asts and the quest is for a

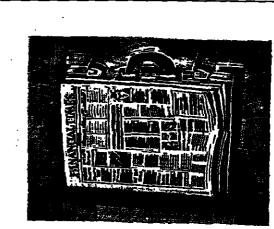
permanent home. What sorts of material to include is a moot point. Herzog is keen on explaining the role of capital markets in funding early US entrepreneurs, and winces a little at suggestions of 1980s trivia such as Donald Trump's pens.

But there is no doubt that some potential exhibits could provide salutory lessons. Lying in Herzog's office is a comic-style magazine which was circulating in 1928 called "Fame and Fortune Weekly" and sub-titled "Stories of the Boys Who Make Money". By 1929, it was out of business.

### Logic

Getting off the train at Crewkerne in Somerset, a London businessman found no cabs or buses were available, leaving him a mile's walk to the office where he was due. Furious, he asked the ticket collector why the station wasn't in the town.

"Arrr, we thought about putting it there," came the reply. "But it seemed better to have it on the railway."



#### HOW A QUOTE FROM THE FT CAN STRENGTHEN YOUR CASE

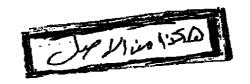
No FT, no comment? Now you can use the Financial Times own words to back up your argument. From complete articles to individual

quotes, almost everything from the prestigious pages of the FT is available for reproduction. And it costs less than you might think.

To heighten your profile, strengthen your market position or add weight to statistics in your company newsletter, annual reports or promotional packs, just call the Financial Times Syndication Service for permission to reproduce the material you have chosen.

Phone us now on 071-873 4871 or fax details of your request to 071-873 3070. For further information on how to use the Financial Times Syndication Service, full in the coupon below.

Name
Position
Company
Address
PastcodeTel No
Type of Business  DOSS
Number One, Southwark Bridge, London SE1 941



magine ripping up all the roads in the City and relaying them according to a new blueprint.

Then imagine that each road user has to build - and learn to drive - a new car to fit these new roads. The traffic policemen have to write and impose a new highway code to keep the traffic flowing. All this has to be done by next October

That gives some sense of the size of the task in front of the financial community as it faces what is likely to be the biggest one-off overhaul of its infra-

The cause: the development of Taurus, the electronic clearing and settlement system for stock market transactions intended to reinforce the City's claims to being Europe's leading financial centre.

Like a badly-laid out street plan, the current paper-based settlement process is too prone to arterial clogging, and exposes its users to too many hardships and risks.

For a share deal to be logged checked, cleared, settled and entered on a company's share register, a mass of paper has to change hands. At the peak of the 1987 settlements crisis, £8bn of uncompleted bargains were jamming up the City due to the inability of operators to move the paper round fast

by the built-in delays of Lon-don's two-week "account", or trading period, under which all deals are settled on a single day, 10 days after the account

Taurus's answer scrap the paper. From next October, share certificates will start to disappear, to be replaced by computer entries - a process known as dematerialisation. Shares will be held in accounts maintained by "account con-trollers" - either brokers, custodians and some large investors, or listed companies

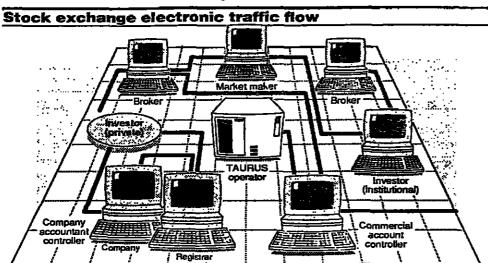
Taurus's second phase, due in October 1992, involves scrap-ping the account system and settling all deals five days after they are done. This rolling settlement period will eventually be reduced to three days.

This new street-plan sounds fine in practice. The trouble is, each group of road users wants the new system to favour them at the expense of others. In view of such a barrage of vested interests, there are serious concerns about whether the Taurus planners will suc-ceed in getting their new electronic traffic flowing by next

by the International Stock Exchange only in October,

# A new road, but little relief in sight

Richard Waters on the London stock exchange's electronic settlement system for share transactions



These are the stockbrokers, banks, registrars and others who have an interest in keeping the traffic moving.
The master planner, Mr John Watson, is confident that he can achieve compromise by a mixture of persuasion and

But the grumbles coming from many sections of the financial community suggest it will not be easy reconciling all the warring interests by next October - even if the huge technical obstacles of building Taurus can be overcome. Here are some of the problems still

to be solved: Smaller stockbrokers – the taxi drivers of the stockbroker world - believe Taurus will put many of them out of busi-ness. Like cabbies, they rely on low overheads and a good sup-ply of passengers to make a living. They believe Taurus will greatly add to their over-heads, at a time when passengers are few and far between They also fear that they will be forced off the road by the articulated juggernauts of the City - the large banks. These juggernauts, they say, are get-ting too much of the road to

aselves these days. The banks act as brokers (responsible for more than a fifth of all bargains by individuals), market makers, regis-trars and custodians. Also -

most importantly - they are the controllers of the clearing system on which rival brokers rely, and they are the main source of finance for brokers. No wonder the cabbies are concerned. Taurus will accentuate the dominance of the banks.

Rolling settlement spells even worse problems for brokers. They will no longer be able to deal for a client, and then wait for a cheque to arrive in the post: they will

The financial community is facing what is likely to be the biggest one-off overhaul of its infrastructure

have to persuade clients to leave cash with them in advance, or teach them how to deal on margin (not a common

The ISE says it is helping the cabbies in a number of ways. It is working with them on a strategy paper which would help them clarify their options after Taurus. "They've got to change, there's no way of carrying on as they are," says Mr

It is also keening a close eye to make sure each driver is taking the necessary technical steps ahead of October. Any cabbie not technically ready will not be allowed onto the

However, the ISE can't change the economic funda-mentals of the brokers' business. And it can't change the slow creep of the banks into every facet of the share trading

The single of the cost of the new system on to them. The tax takes the form of an annual 0.0025 per cent levy on the value of securities held within Taurus. That sounds small: but for portfolios that run into billions, the impost quickly rises into six figures. Those affected will be custodians and large institutional investors who maintain accounts within the Taurus

Pointing out that these institutions can expect the largest savings from Taurus, Mr Watson nevertheless appears to have been taken off-guard by the antagonism he has caused "This is all subject to review," he says, hinting at a lowering of the tax. That could mean higher transaction costs for all other Taurus users. • The third group of malcontents are not road users at all: they are the listed companies whose shares are shuttled to and fro across the City. Their interest is in knowing where their shares are at any one time: how many, for instance, have found their way round to Hanson Mansions, or Goldsmith Square?

Under current plans, a full register of each company's shareholders will be drawn up once a month, with information culled from around the Taurus network. This is not enough, complain companies: it should be once every two

reeks. The ISE's case is that compa nies will in practice have more up-to-date information under Taurus than at present - an argument that is gaining grudging support among companies.

The ISE plans to write to

every listed company to put its case. "We quite clearly have not yet got the message across," says Mr Watson.

• The time taken to develop a new highway code for Taurus may make October's launch a damp squib. Turning shares into electronic data demands a rewrite of the law, for instance redefining when a shareholder acquires rights as a member of

A draft of the new legislation is not expected until early next year, with the changes passing into law probably in June. With many companies' annual general meetings in March or April, how will companies be able to ask their shareholders permission to join Taurus this

No problem, says the ISE. The department of trade and industry plans to produce a standardised set of amendments to a company's articles of association, and companies need only ask shareholder approval to adopt these once

they are produced. The legal structure is only part of the job. A new regulatory structure is also needed, approved by the Securities and Investments Board.

Taurus users need to be cleared as "fit and proper" and meet a minimum level of capital adequacy to take part, and a new compensation scheme will have to be created to protect investors. Regulators have been grumbling recently that the Taurus project is being run by technocrats who have given too little attention to these

All the stresses and strains the special pleading and com-plaints listed above are only natural given the upheaval that is coming. But their persistence so late on in the project, when policy disagreements should have been dispelled. suggests that tough times lie ahead. European monetary union

# Getting to grips with the question of convergence

By Hilmar Kopper

The inter-governmental conference starting in Rome this week on establishing European Mone-tary Union (Emu) is crucial for Europe's future. It is vital that both this and the parallel con-ference on political union are turned into successes. The 1990s will become a European decade if we are prepared to do away with some of our old-fashioned illusions of national sovereignty.

Given the current institutional momentum towards Emu built up at the EC's Rome summit in October, some Euro-pean governments face the risk pean governments laze the risk of not being able to enter into full monetary union at the same time as others. The pros-pect of a "two-speed" Europe has re-emerged as a central issue, in view of the remaining large degree of divergence in EC economies. If addressed properly, however, the ques-tion of "two speeds" could actually hasten convergence by focusing attention on the political and economic drawbacks for the countries which would be left behind.

The Rome summit produced clear commitment to the objective of Emu and a single currency - "a strong and sta-

The British government's proposal of a hard Ecu is ill-founded

ble Ecu". Only the UK did not approve of this goal. It is unfor-tunate that Mr John Major, the prime minister, has repeated that the "imposition" of a sin-gle currency remains unacceptable to the British government. The summit also agreed to enter the second phase of Emu by January 1 1994, provided certain conditions have been met, and to set up a "new mon-etary institution", independent f governments and committed to price stability.

The British government's proposal of a hard Ecu is ill-founded. This concept not only expresses the UK's lack of political commitment towards full monetary union; it also embodies the drawbacks of a parallel currency and will fur-ther complicate the process of



monetary co-ordination. The proposal may be an excellent way of stimulating brains, but it is impractical and wasteful in the real world as long as there are strong currencies such as the D-Mark. A new currency in its infancy cannot win when competing against adults like the D-Mark. Furthermore, if the process were taken to its logical con-clusion, the hard Ecu could be. for the UK, somewhat counter-productive. It could lead to weaker members of the "club"

gradually disappearing. Seen from today's perspective, these would include sterling.

One big disadvantage of the Rome summit conclusion was the imprecise definition of the contents of Stage Two. This aspect will have to be clarified in the forthcoming inter-gov-ernmental conference. There is a particular lack of clarity over the "distribution" of competence in monetary policy between the new European bank and the national central banks. A better alternative would be to extend Stage One in order to allow time for sufficient economic convergence. During this time, the present margins of fluctuation in the European Monetary System could be reduced to an even narrower band, and instruments could be developed for executing a single monetary policy after the "big bang" of transfer of responsibility to the new central bank.

A key element in the envis-

aged agreement on Emu will be represented by the statutes of the European Central Bank. A draft was recently agreed by the EC Central Bank gover-nors. Such a clear-cut proposal at a comparatively early stage

is very promising.

Nevertheless there are a variety of "gaps" and residual points of controversy - for instance the division of power between the European Central Bank's executive board and the governing council, as well as the bank's responsibility for exchange-rate policy vis à visting countries. The location of exchange-rate policy us a us third countries. The location of the new bank will also have to be decided. The German banking community is pleased that Frankfurt is considered to have a good change.

a good chance.
This question of convergence
is clearly vital. At present, an early move towards Emu by the "core countries" with low inflation rates and virtually fixed bilateral exchange rates, i.e. France, Germany, Belgium, Luxembourg, the Netherlands and probably Denmark, seems possible. While economists would have little difficulty accepting such a two-tier sys-tem, at least for a transitional period, this outcome would be anything but welcome to politi-

19. T. W.

t + t

**Ouestions remain** about the powers of the Bank's board and council

cians and businessmen.
These deliberations on a "two-speed" Europe should provoke thoughts about the extra costs of all the extra rules and institutions that would be necessary if some important countries trailed behind. If we want Emu to be a pillar and not just a torso, it is essential that during the tran-sition to the final stage of Emu, this "core" should include such important countries as the UK and Italy. For these countries, the very dan-ger of being "left out" of a full move to Emu may in coming years spor them towards get ting their economies more in line with the rest of Europe. The author is spokesn

#### Taxman must shoulder some blame for poor safety record

It's all a matter of mathematics

From R. N. Coult.
Sir. Sister Frances Cummings ("Death and accident bedevil construction", November 30) is correct in believing that the structure of the construction industry, with its reliance on sub-contractors, has much to do with its poor safety record, but your article does not explain why this fragmentation has occurred in the construction industry but not

in other parts of industry.

Much of the blame for the unhappy accident record in the construction industry lies in the tax system which has allowed bricklayers, joiners and other skilled and semiskilled workers to be regarded as self-employed and enjoy the tax advantages to be derived from the system. Most of these employees do not fulfil any proper test of self-employment and most do not insure them-

From Dr David F. Lomax.

Sir, Samuel Brittan seems to have spoiled the effect of his

interesting article ("Serious not desperate", November 15) by committing absent-mind-

edly what appears to be an undergraduate howier.

He mentioned "the blow to world savings from the shrink-

age of the German and Japa-nese surpluses". The later text

indicates that the current

account surpluses are being

Since the world current

account figures must net out to

ures would do so if they were measured properly), it would

selves against accidents at work. When they are injured at work, as many are, the main contractor will attempt to deny any liability on the grounds of self-employment. A case for damages on grounds of negli-gence against a main or other contractor has first to surmount this barrier.

Paradoxically, the Inland Revenue could achieve more in ensuring safety on construc-Safety Commission could. Unfortunately, a large part of the construction industry likes to be able to draw on a pool of casual skilled labour for which they have no responsibility, and until this changes there will be no significant and lasting improvements in safety on building sites. R.N. Coult.

Vernon House, Grindleford,

seem impossible for the balance of payments of a country to make any contribution whatever to the world's net

savings. If Germany and Japan have lower current account

surpluses, and thus less

savings, correspondingly other countries must have lower defi-cits, and therefore more

savings. Current account sta-tistics are irrelevant in a dis-cussion of total world savings. Dr David F. Lomax.

4 Claremont Road, Claygate,

Dr Lomax may remember the difference between ex ante and

Esher, Surrey Samuel Brittan writes:

# The worker-director can be a valuable intermediary

From F.S. Law, CBE. Sir, Your leader ("Employees as directors", December 4) sets

out very well the pros and cons of a subject which has evoked controversy over many years. The "employee-director" was a subject frequently discussed at the Economic and Social

Committee in Brussels where. although an employer-repre-sentative, I found myself in conflict with most of the UK employee-representatives.

I have no doubt that a trade union representative on a board is not the best solution, but that a so-called "worker-director", representing the work

force, will have a positive influ-

ence on the strategy which the

The confrontation between management and workers in the past has been one of the ills which has beset British industry. The fact that this confrontation is less likely now is surely due to a greater acceptance by the two sides. In order to achieve in world markets, management and the work force must understand

each other's aims. It is for this reason that I strongly believe that companies should be encouraged, but not forced by law, to have worker-directors in order to improve the relationship between "bosses" and "employ-

43 Lennox Gardens, London SW1X ODF.

From Denis Macshane. Sir, The Guinness shop stew-ards who persuaded Mr Campbell Christie, general secretary of the Scottish TUC, to turn

down an offer to become a member of the Gunness board, may have been wiser than the company in making the pro-posal in that form, or yourself

The link between company and employees - if it is to take the form of workers or trade unionists (not necessarily the same thing) on the board has to be structured within the framework of the company. The confusion in roles is obvious if companies can scud about picking and choosing which trade union official they want to have on their board. Unions as institutions should remain apart and distinct from companies. Employees, however, should be more involved in company direction in a fash-ion that is transparent and not dependent on grace, favour or fashionable indulgence by a managing director and his

Certainly, the more success ful economies of Europe appear to have been strengthened by institutionalising the presence of directors elected or nomiunion structures.

The Guinness imbroglio with Mr Campbell Christie may, however, serve a useful purpose in beginning a more seri-ous discussion about how Briteffective partnership with their employees and reverse the drift towards Britain's becoming an offshore rentier economy.

Denis Macshane, International Metalworkers

54 bis, route des Acacias. Case postale 563, CH-1227

# 

China National Chemicals Import and Export Corporation was founded on March 1,1950. After 40 years of operation, it has now become one of the most prestigious specialized

foreign trade corporations in China, and is well known as SINOCHEM among world oil and SINOCHEM has steadily and consistently increased its business in size and scope. In fact, SINOCHEM's business scope extends from exclusively handling the import and export of crude oil, oil products, fertilizers and rubber to chemical raw materials, plastics, paints, printing inks, dyestuffs, agro-chemicals, rubber products and reagents. While involved in compensation trade, barter trade, joint ventures, cooperative ventures, SINOCHEM services including

organizing or sponsoring technical seminars, storage and transportation, finance, insurance, leasing, consulting, advertising, tourism, real estate, etc... SINOCHEM has 54 solely-owned enterprises, joint ventures and representative offices on the major overseas oil and chemical markets, and possesses 15 branches and subsidiaries at home. A global business and information network is taking shape which provides favourable

conditions for creating and securing more trading opportunities. SINOCHEM's business channels are widespread both at home and abroad. It has more than 1,200 cooperative units and enterprises at home, and enjoys good business relations with more than 3,000 companies in over 130 countries and regions.

Since its ratification by the State Council in 1988 as the first experimental enterprise for international operation under a comprehensively contracted responsibility system, SINOCHEM has built up multi-functional operation system, which takes economic efficiency as the center, petroleum and chemicals as the object, science and technology as the precursor. trade as the principal part, manufacturing as the basis and finance as the backup force. The international management has borne its first fruit.

Now, At the time of its 40th anniversary, SINOCHEM is advancing steadily and confidently towards the goal of a transnational corporation with modern management. international operation and group structure.

Person to contact: Mr. Han Yahui



Address: Erligou, Xijiao, Beijing, China. Telex: 222732 CHEMI CN Fax: 8316022, 8315537

From C.D. Hickey.
Sir, Is it really necessary to add to the traffic at Heathrow, Gatwick or Stanstead (HGS)? Just in case no one has noticed, not all the nation lives within the London area.

The collapse of the socialist ethos in the east, followed by near anarchy in the former Warsaw Pact countries, has reduced, if not eliminated, the threat of war from that quarter for many years. It follows that the RAF will probably con-

scale down its UK operations. Is it not possible to use some of the magnificent military airfield facilities currently under-used? If such airfields are placed on a care and maintenance basis, shortage of money will quickly ensure that they will be neither maintained, nor cared for; merely left to rot. At the same time, further vast sums will be spent in providing more civil airport facilities. As an example, Birmingham,

Bristol, Reading, Swindon, Sal-

isbury and Worcester are all

The airport solution could be staring us in the face within a 60-mile radius of Fairford in Gloucester. Would it not be reasonable, therefore, to offer the population in that area an alternative to travelling through the London area? Road and air traffic in the HGS area would be reduced, and employment more evenly

Add to Fairford: Greenham Common, Brize Norton, Lyne-ham, Alconbury and Mildenhall, and it would appear that there is a surplus of airfield capacity which might be "taiaviation structure, complete with buildings and facilities. Finally (and other than the fact that both the civil and military dislike the idea), is there

lor made" to fit into the civil

any valid reason why most air-fields should not be designated and operated as Joint User Airfields? Furthermore, a fresh approach to the problem could offer some long overdue com-petition to BAA.

# **FINANCIAL TIMES**

Monday December 10 1990

PILKINGTON COMMUNICATION SYSTEMS LIMITED s Roberts on 0745 584545

Administration at odds over reappointing comptroller of currency for five-year term

# US officials split on banking post

THE Washington debate about how far federal regulators are responsible for the credit crunch in the US has developed into a battle between senior members of the Bush administration over the reap-pointment of the main banking supervisor.

The term in office of Mr Robert Clarke, the comptroller of the currency, who is in charge of the regulators of federally chartered banks, expired at the end of last month and he is being backed for a further fiveyear term by Mr Nicholas Brady, the treasury secretary, his overall superior. However, Mr John Sununu,

the White House chief of staff, opposes Mr Clarke's reappointment, arguing that the comptroller's regulators have been too assiduous in their examinations, resulting in a cut in new loans which is pushing the



Clarke: at centre of row economy into recession. President George Bush him-self acknowledged the wide-spread concern about over-zeal-

ous regulation, as it has been generally described in Washington, in a speech two weeks ago. But regulators, including Mr Alan Greenspan, the chair-man of the US Federal Reserve, have defended close scrutiny as a necessary corrective to the lending boom of the 1980s, particularly for property develop-ment, and as a way of avoiding the costly savings and loan col-

The odds are still that Mr Clarke will be reappointed, though other candidates are apparently being considered and Mr Bush faces a difficult choice between the views of Mr Brady, a close adviser and friend, and Mr Sununu. his most senior White House aide. At a White House meeting in mid-November Mr Sununu was said to have complained that regulators had forced banks to tighten lending standards too

much, leading to a cut in loans. The regulators have forced banks to adjust their books to reflect the prospect that some loans are unlikely to be repaid. Mr Clarke has been backed by Congressman Henry Gonzalez, the Democratic chairman of the House harders computer. of the House banking committee, while Senator Lloyd Bentsen, chairman of the Senate finance committee, has also defended him.

Despite the reservations of several bankers, most of those at a recent meeting of 87 mem-bers of the Association of Bank Holding Companies, account-ing for three-quarters of all US bank assets, backed Mr Clarke's reappointment.

Among those who thought

there were credit problems, 37 said it was due to overzealous ness by examiners, while 10 thought it reflected both that

# Levitt Group collapses with status of clients' funds uncertain

By Vanessa Houlder in

THE COLLAPSE of Levitt Group, one of the largest pri-vate financial services companies in the UK, has left uncer-tain the status of the funds of its 18,000 clients.

its 18,000 clients.
Levitt's request for an administration order, which was made on Friday night, came two weeks after it emerged that Fimbra, the regulatory organisation, had withdrawn its recognition from Mr Roger Levitt, the company's founder.

company's founder.

Fimbra withdrew its recognition after questioning Mr
Levitt about the source of £21m (\$40.32m) of invoices.

The regulators asked him to resign as chairman and chief executive of the main financial services company and to relin-quish most of his controlling shareholding.
It is believed that Fimbra

does not suspect fraud.
Although there is a question
mark over the safety of the
funds of Levitt's clients, there
is no evidence that money is ussing. Fimbra's investigation of

Levitt began after a random check several weeks ago revealed the disorganisation of the company's financial records. A statement is expec-ted from the regulatory body

today. Fimbra's action, which received no publicity at the time, came to light after the company announced that it was going into administration. The company declined to comment about the detailed reasons for coeffing of ministration. sons for seeking administra-tion, although it is believed to have breached its capital ade-

quacy requirements.

Its failure will come as an embarrassment to several City institutions, including Chase Manhattan, Commercial Union, General Accident and Legal & General, which had minority stakes in Levitt.

Last week, the institutional shareholders in Levitt declined to come to the rescue of the group. "They were asked to provide a substantial capital injection. They decided not to amongst themselves," said Mr Fred Tucker, a director, yester-day. Levitt Group, which has a clientele of corporate clients involved in a range of finan-cial services including pensions, insurance consultancy and broking and investment

The company had a high profile as a result of celebrity clients such as Lennox Lewis, the boxer, and the extrovert business style of Mr Levitt, who was paid £989,000 in

Administrators from Peat Marwick McLintock spent yes-terday consulting with Levitt's directors at the company's offices, prior to seeking a high court administration order.

# Walesa seems set to win Continued from Page 1

political position at the head of a coalition of people from small towns, who are worst hit by unemployment, and groups including coal miners whose incomes have sharply fallen. Middle-ranking members of the former communist estab-lishment have also joined this coalition, in order to challenge

Solidarity.
After the swearing in, the new president is expected to nominate a prime minister who will then be asked to form

a government.
Later this week, parliament
will debate Mr Mazowiecki's
resignation. After his defeat,
he said he no longer had a
mandate to continue as premier.
The role of the president has yet to be defined. Mr Walesa said he wants to continue with

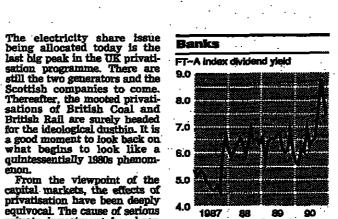
the government's economic policies while easing the monetary discipline on the farmers and miners.

and miners.

He also promises speeding up privatisation and the market economy.

Parliament is drawing up a

new constitution. However, it is understood that the president's future powers will be considerable but matched by a major role for Parliament. It is unclear which parliament will approve the new con-stitution.



1987 88

private investment has been damaged by the trivial empha-

damaged by the trivial empha-sis on stagging profits. The City, which derived huge fees from the process, now faces a corresponding period of adjust-ment. The reputation of the markets has suffered from the mild but systematic fraud prac-

tised on the taxpayer, whereby the giveaway element in the flotation price has represented

a straight transfer of wealth to those with the cash to buy the

shares, many of whom were not even UK taxpayers in the

first place. The effect on the companies

privatised, though more obvi-ously beneficial, is a little

equivocal as well. The sup-posed transformation in mar-

agement practice must be treated with caution. The main

proponents of the case are the

managers themselves, whose higher rewards and status in

the private sector make them interested parties. The

increased autonomy of the UK

managerial class in the 1980s is both indisputable and wel-come. It is less clear that it is confined to the private sector. It is also unfortunate that

most of the industries priva-tised — airports, water, gas, electricity — are of a kind

which governments feel them-selves impelled to control any-

way. In many cases, the effect has been to swap a Whitehall

has been to swap a whitehall mandarin for a regulator, the chief difference being that residual profit now goes to pen-sion funds instead of the Trea-

sury. There is genuine benefit in the fact that the companies

are now free to borrow and structure their balance sheets

in a commercial way. But

state-owned industries in other

countries such as France are

free to do that anyway. It

seems a biggish sledgehammer to crack a smallish nut.

the whole programme is that it was unexceptionable in princi-ple and irrelevant in practice. It is hard to see a Labour gov-ernment reversing it, since there will be no need to. The

The abiding impression of

So farewell then,

privatisation

instruments of control remain in place. At the root lies the old objection that the government was torn between the need to raise money and the desire to promote competition. The former won. Having taken the money, the government now finds itself obliged to control the monopolies — and their profitability — by main force. The companies were not only sold cheap. They were sold on a dodgy prospectus.

Bank dividends

The board has determined long term interests to cut the dividend. This chilling declaradividend. This chilling declara-tion may not yet be common parlance, but the market has the message. Of the highest yielding stocks in the FTSE at the start of the year, very few have outperformed the market. Double digit yields mean seri-ous dividend danger.

ous dividend danger.

Nowhere is this clearer than in banks. The shares of Citicorp, the biggest US bank, yield 12 per cent despite a recent rally. Standard Chartered yields over 16 per cent and Westpac, Australia's biggest bank, yields 18.5 per cent. Some US banks have already cut their payout, as has ANZ. cut their payout, as has ANZ. There is even talk that some of the Swiss banks may cut, in particular Credit Suisse. But they are the exception.

Big banks are terrified of cut-ting their dividends, the main reason being the need to main tain confidence and access to the capital markets. Citicorp, for example, needs an extra \$1bn of capital but would only save \$300m per annum by halv-ing its dividend. It regards cut-ting dividends as a highly inefficient way of raising capital. It may be right. But if it prefers to dilute its shareholders by issuing equity, it will be acting more like a UK clearer.
Standard Chartered's position is far less clear cut. In

less features.

terms of fresh equity issues, it has exhausted its shareholders' patience. Its lack of UK earnings has led to a ruinous tax charge. Although the dividend yield has roughly doubled over the last year, it provides little real support for the shares. By deciding to hold the dividend Standard may want to protect itself from an unwelcome takeover bid. If so, it is doing its shareholders an even bigger disservice than by cutting the

German property

There are two things one can say confidently about investing in commercial property in the early 1990s. Owning offices and shops in London will be a lot less lucrative than owning real estate in Frankfurt. And the UK's institutional fund managers have lots of the former and virtually zero of the latter, save in indirect form through shares in the likes of MEPC

Overseas property has a bad smell for UK fund managers, given their experience in the US. The WM Company's end-1989 survey of 1500 pension funds showed that of their £235bn of assets, only £2.2bn were in foreign real estate. Perhaps two thirds of that was in North America. The only big UK pension fund with any large direct presence in West Germany is ICI's, with proper-ties in Frankfurt, Düsseldorf and Stuttgart totalling just

Is the underweighting in German property a had thing? Not if the investor thinks either that UK funds have too much property anyway, or that in the fullness of 1991 all real estate markets — including Gernany – will overheat then slump. The former view is intellectually sustainable, the latter probably not. The strict planning regime in German cities is one factor. Another is the domination of the market not by debt-financed develop-ers but by domestic insurers, or by the large open-ended or by the large open-ended property investment funds run by banks. Nor would the underweighting matter if one could gain exposure through German quoted property com-panies. The snag is that there are very few, and most are rather odd. The practical diffi-culties of investing directly remain, given the market's rel ative immaturity and Illiquidity. But this seems another of the investment nettles of the 1990s which fund managers will have to grasp at some stage, assuming they have not lost their taste for property

# Tough year ahead for advertising industry

By Alice Rawsthorn in London

THE international advertising industry faces a gruelling year in 1991 as its recession contin-ues in the US and other mar-kets start to slow down, according to a study\* by a lead-

ing advertising agency.
The study, compiled by Saatchi & Saatchi, suggests that the global advertising market will show real growth of 1.2 per cent - much lower than previ-

Saatchi estimates that the market has grown by 1.6 per cent to \$202bn this year. A prolonged slowdown in the advertising market could cause difficulties for the global mar-

keting services groups. Some of these companies. including WPP Group and Saatchi itself, are already struggling with serious finan-

cial problems.

The chief cause for concern is the US, the world's largest advertising market. The mar-ket there has deteriorated throughout 1990. Saatchi estimates that

expenditure on the leading media - television, press, radio and posters - has fallen by 2 per cent in real terms to \$83bn this year. The UK, the third largest global market, is also in the throes of recession. The mar-ket has fallen by 7 per cent to \$13bn this year, and is not expected to recover until the second half of next year at the earliest. Saatchi expects another fall of 2.5 per cent in

The European advertising market has been relatively buoyant, rising by 2 per cent to \$56bn this year, but the combination, of the Gulf crisis and the US recession is now affecting advertising expenditure in most European countries.

The most buoyant region is

Asia-Pacific, where expendi-ture has risen by 7 per cent in

real terms to \$48bn this year. Saatchi forecasts continued growth of 4 per cent for next year. But Japan, the largest Asian market, is starting to slow down.
The level of real growth in

Japanese advertising is expected to fall from 8 per cent this year to 4 per cent next year.

The Australian advertising

industry is in recession with no recovery in sight. However \* Advertising Expenditure Forecasts, Zenith Media Worldwide, Bridge House, 63-65 North Wharf Road, London W2 1LA.

# Serbian election hit by ethnic boycott

By Laura Silber in Pristina, Kosovo

ETHNIC Albanians in the Yugoslav province of Kosovo yesterday boycotted the first multi-party elections in more than 50 years in Serbia, the largest republic. The region's 700,000 Alba-

nian voters overwhelmingly beeded an appeal to boycott elections in protest against Serbia's control over the province. Political parties representing Kosovo's 1.8m ethnic Albanians did not put up can-didates for Serbia's presidency and parliament.

Election observers in the town of Pec, where Albanians make up more than 70 per cent of the town's 37,000 population, said only five Albanians had voted by mid afternoon.

Mr Ibrahim Rugova, the president of Kosovo's Demo-cratic League, the largest Albanian party, which claims more than 700,000 members, said: "If we had participated in the elections, it would have given legitimacy to Serbian rule over Kosovo. These are not free elections. Albanians want to elect Kosovo's representatives, not Serbia's. Free elections do not take place under police



occupation." The parliament of Kosovo was dissolved last July and the Albanian daily newspaper Rijlindja banned by Mr Slo-bodan Milosevic, president of Serbia and head of the republic's Socialist (former communist) party, after Albanian par-





Contenders: Milosevic (left) facing Draskovic's challenge liamentary deputies declared Kosovo's independence from

> Serbia then promulgated a new constitution in September which brought the province under direct rule by the repub-lic. At least 30 Albanians died in 1990 during protests against

#### Serbian control. Mr Milosevic is the front-runner in the presidential election, but he has faced a tough challenge from Mr Vuk Draskovic, the leader of the Movement for Serbian Renewal. Mr Draskovic has gained credibility recently with attempts to moderate his ultranational politics. Despite the Yugoslav army's support for a communist victory in Serbia, the party is not expected to win a majority in

parliament. Mr Draskovic's party and the Democratic party are expected to make a strong showing in the first of two rounds of elections, which plt communists against nationalists. The second round will take place on December 23. Mr Draskovic, who once

called for the mass expulsion of Kosovo's Albanians, last week said if elected he would negotiate with "the legitimate leaders" of Kosovo to seek a solution in Yugoslavia's poorest region. In contrast, the media in Serbia, under tight communist control, refers to the Albanian opposition lead-

# Mr Tyminski retains a strong

In fact, the 150 Plus has a range of printing modes and speeds to suit all the needs of you and your lap-top. There's also an M150 Plus, compatible with Macintosh computers.

Less-size; less weight, but with no

Both have the quality you'd expect from a Kodak product. Ring Emesto Jaconelli on 0442 61122 for more information on the printer that gives you less. Need we

say more?

# THE DICONIX 150 PLUS. IT'S GOT LESS TO OFFER

KUDAK	
for Emesto Jaconelli, Kodak Lunited. P.O. Box 66, Station Road. Hemel Hempstead, Hone, 149 140.	Name
	Company Position
I would like to know more about the	Aldren
KODAL Dicimin' 150 Plus Printer.	PurkockeTelFT3

# UK minister attacks US over Gatt

By Our Foreign Staff

MR JOHN GUMMER, Britain's agriculture minister, yesterday sharply attacked the US for adopting an intransigent position in the world trade negotia-tions in Brussels, adjourned indefinitely on Friday in an atmosphere of mutual recrimi-

Mr Gummer, commenting on the last few days of negotiations in the Uruguay Round of trade-liberalisation talks, said in a television interview: "You cannot go around the world telling other people to give way to the American position.He added that the US had not changed its position for more

than one year.
"America has got to think very seriously about the way she has tried to get a deal which would protect her own farmers and affect everybody

else's farmers Mr Arthur Dunkel, directorgeneral of the General Agreement on Tariffs and Trade (Gatt) has been asked by ministers to consult with participating governments over the next few weeks with a view to reconvening the negotiations in Geneva at "an appropriate

Editorial comment, Page 14

WORLDWIDE WEATHER

# Power sale likely to be UK's most successful privatisation

By Richard Gourlay in London

THE £5.2bn (\$9.98bn) sale of shares in Britain's regional electricity companies is likely to emerge as the most successful of all UK privatisations with 12.75m applications for the 12 companies from more than 5m people when details are revealed this afternoon.

Although the level of oversubscription means there will be a heavy scaling down of share allocations, the govern-ment said that 25 per cent of electricity customers would receive the amounts they had requested in their local compa-

nies.

The early indication of the issue's success emerged yesterday after weekend blizzard conditions nearly knocked out power supplies at the main sorting centres in Birmingham. Over 10.7 times more applica-tions were received than the number of shares originally available, compared with a fig-ure of 5.7 times for the most recent sale of water shares.

The electricity sale which was frequently dubbed "trou-

bled" and "the most-accident prone" has turned out to be the most successful of all privatisa-tions," a government adviser

The government's obvious

delight with the privatisation follows a campaign plagued by a botched effort to privatise the nuclear industry and the controversial on-off negotiations in the summer to sell PowerGen, one of the two gen-erating companies in England and Wales, to Hanson, the UK conglomerate.

However, the premium at

which shares are likely to trade tomorrow has already attracted criticism from oppos tion members of parliament who believe there has been a fire sale of national assets.
Full details will be available tomorrow on Tuesday and the London stock exchange has said it will remain open for trading in all shares for an extra 1% hours to accommodate anticipated heavy trading

in the privatisation issue.

The criteria for allocation of shares, set by Mr John Wake-ham, the Energy Secretary, favoured customers of local impanies and small investors. Yesterday, there was a strong indication that small investors had responded heavily and 10.2m of the 12.75m applications were for less than 500 partly paid shares, while 3.4m applications were made

for the minimum 100 shares.

UK institutions received an allocation of 30.4 per cent of the offer and foreign investors were allocated 15 per cent, both reduced after claw-back provisions were triggered last week following the high level of public demand. On Saturday 275 Lloyds Bank employees were stranded overnight at one of the main

sorting offices in Birmingham because of the Arctic weather conditions that swept the Midlands but they managed to complete the processing on time. However, the snow has meant delays in printing interim share certificates and the postage of these and refund cheques, initially set to be sent on 19 December, are now likely to arrive only just in time for

The large response has included some draconian scaling down of allocations including the following:

Everybody who applied for the minimum 100 shares in

their own electricity authority or elsewhere will receive their allocation, apart from non-cus-tomers at Seeboard, who will

receive 90 shares. Seeboard was so over-subscribed so that no one will receive more than 100 shares.

Teamwork in Construction **Housing Property Trading** 

THE FINANCIAL TIMES LIMITED 1990

Monday December 10 1990

INSIDE

) ANOHORIA

 $\cdots :_{i,j_{i,j_{i}}}$ 

 $H^{-\frac{1}{2} \log n}$ 

12.0

-

tand to y

LVMH's cup runneth over in bubbly deal



Antoine Riboud (left), Europe's third largest loods group, is is known as the old fox in Parisian financial circles. Mr Bernard Arnault, the 41year-old chairman of VMH, the drinks and luxury goods giant, is sometimes referred to as a young wolf.

Together, they have cut a deal which will lift LVMH's share of the world champagne market to three times that of its nearest rival, as Will Dawkins reports. Page 19

Banks set to drop engagement The boards of Midland Bank and the Hongkong and Shanghai Bank are expected to decide this week not to extend their three-year-old engagement. The expiry of the agreement

would tree the Hongkong Bank to sell its stake in Midland, releasing a wave of speculation over the future of the UK's third-largest clear-ing bank. Page 18

Pirelli pushes merger plan



Pirelli of Italy is not easily put off its goal of merging its tyre operations with Continental, the German tyre group (logo left). It plans to press ahead with merger proposals despite Continental's strong rejection of its initial terms. Pirelli

claims it has the support of more than 51 per cent of the Continental shareholders. Andrew Fisher reports. Page 19

Banks meet on Goodman rescue Bankers owed more than (£500m (\$880m) meet today in Dublin to decide whether to approve a rescue plan for Europe's biggest beef processor and exporter, Goodman International. Kieran Cooke reports. Page 18

IMI plans international ventures IM!, the Midlands-based engineering group, is drawing up plans which would significantly expand its presence in the US and the Far East. Charles Leadbeater reports. Page 18

Base lending rates FT-A World indicas FT/AIBD int bond svce London share service

New int bond issues NPI Tokyo bond Index 34-35 World stock mkt indices 29-32

Companies in this section

Boscombe Property Cable & Wireless Clarke Hooper

Jones Stroud LVMH

Leica 19 Pirelli 18 Rodime 18 Salomon Brothers Wiggins Wilton Group

# Deal with Berisford ends four-year battle for Europe's third-largest producer ABF buys British Sugar for £880m

ASSOCIATED British Foods, the UK's largest milling and baking group, has agreed to buy British Sugar from Berisford Interna-tional for £380m (\$1.70n), ending a four-year battle among some of Europe's biggest food companies. The deal for British Sugar, the third-largest sugar producer in Europe, was signed early on Sat-urday morning after a five-way auction that included Tate & Lyle, Hanson, the UK conglomerate, and two continental Euro-

pean sugar companies.
Mr Garry Weston, chairman of
ABF said that British Sugar would benefit from his group's financial strength and decentral-

deal as a "very positive step" for ABF, which would enhance its earnings prospects in both the long and short term.

ABF has been seen as the most likely buyer of British Sugar for some time. It won regulatory approval and the two companies are thought to make a logical merger. They have similar struc-tures in that both businesses buy from farmers, run large process-ing factories, operate within the Common Agricultural Policy and sell to large industrial buyers and, through retailers, to domestic customers.

For Berisford, the British
Sugar sale will help reduce its
Elbn debt, which is partly the
El8m of net profit for the three

It put British Sugar up for sale six months ago.

For ABF, the deal represents the timely use of a mountain of cash of more than £1bn before the purchase. In the first half of this year, the company made more money from investments then from trading

The contenders were whittled down to five just eight weeks ago. Bids were received by November 28 and assessed during the next two days. The final deal was signed in the early hours of

New York property investments.

It put British Sugar up for sale six months ago.

For ABF, the deal represents the timely use of a mountain of the timely use needs shareholders' approval, ABF's bank balance stood at

> Earlier this year, analysts esti-mated British Sugar would fetch between £800m and £1.2bn. How-ever, Mr Gerry Grimstone, a director at Schroders, the mer-chant bank that conducted the auction, said he was pleased with the deal considering the level of interest rates and the reluctance of bidders to commit large sums amid economic uncertainty.

"Given the state of the disposal market, this is a very good price," he said.

In the year to September 30, British Sugar made operating profits before interest of £118m on sales of £716m. Net assets stood at £309m.

Berisford now plans to sell mis-cellaneous food businesses worth between £50m and £100m. That will leave it with a rump of prop-erty in the UK and New York. British Sugar has excited the interest of many other companies over the years. These include Ferruzzi of Italy and Mr Larry Goodman, the Irish busine who built a stake before he met financial difficulties.

1990 estimate

of the Japanese

# **Basle rule** to remain despite squeeze

By David Lascelles

THE chairman of the Basle committee of international banking supervisors. Hulb Muller, has ruled out any relaxation of the Basic accord on bank capital,

despite mounting pressures on the world banking system.

"No one would dream of relax-ing the safety standards of a motor car in stormy weather." he said in an interview with the Financial Times.

He was responding to sugges-tions that supervisors might be forced to relax the capital stan-dards or extend the 1992 deadline for the full implementation of the two-year-old Basic regime. "I have not received a single serious proposal from the official side. Not even bankers are advo-

cating this," he said.

The rules, which determine how much capital banks must have on a risk-based formula, have been blamed for tying up bank resources and heightening

the danger of a credit crunch. Mr Muller, a director of the Dutch central bank, said the Basle rules should not be adapted to suit prevailing eco-nomic conditions. "If there is a fall in the availability of credit for macro-economic reasons. then macro-economic instruments should be used to deal with it," he said.

He disclosed that the Basle committee will this week hold its first meeting with insurance industry regulators from leading industrial countries.

One of the main items on the committee's agenda is how to deal with the growth of financial conglomerates which combine banking with other types of financial services such as insurance and securities. The commit-tee already holds regular meet-ings with securities supervisors.

Next year, the Basle committee also expects to produce new capi-tal rules covering foreign exchange and interest rate risk, as well as securities trading. Mr Muller stressed that these new rules would not impose additional capital burden on banks, but would be "carved out" of existing requirements. He was not convinced that a

credit crunch was impending, although fears could become self-fulfilling, he said. Generally, he considered the difficulties of the banking industry to be "cyclical" rather than fundamental. However, Mr Muller said he was concerned about the dangers of excessive competition in the banking industry, and he favoured more mergers. Bank falls foul of investor

# Getting the coffee market in the can

The success of tinned beverages in Japan has prompted an international offensive, reports Robert Thomson

QUICK hit of canned A coffee comes easily in Japan. On virtually every street corner, on remote rural roads, and on the beaches, vending machines stand ready to answer the consumer's call for coffee in a can.

There is canned café au lait, canned cappaccino, and canned drip filter, and they go by names such as Old Beans, Jive Coffee and, simply, The Coffee Blended sales of the 64 competing companies this recent of the filters. nies this year will be \$4.4bn, up 14 per cent, and consumption will average out at 76 cans for every The remarkable success of

canned coffee in Japan prompted Coca-Cola of the US and Nestlé of Switzerland to combine their might to bring canned coffee and tea to the rest of the world. Last month the two signed a deal to create a company to manufacture and market ready-to-drink products which will be capitalised at \$100m. Mr Helmut Maucher, chief executive of Nestlé, reckons that the ready-to-drink sector will be "one of the most rapidly growing segments of the world beverage

Japanese makers have doubts about how well canned coffee and tea will translate to other markets. They worry about the van-dalisation of vending machines, which account for 68 per cent of their sales. And they say that two decades of success is founded on a change which cannot be repeated in the US or Europe -

Credit for the creation of canned coffee is generally given to Mr Tadao Ueshima, who began by selling bottled coffee at rail-way stations after the war and, in 1969, put the coffee in a can. Mr Ueshima still oversees Ueshima Coffee Co (UCC), which has a 13.3 per cent share of a market crowded by Japanese beer compa-nies' new-found interest in coffee and by the sales skills of the Coca-Cola company.

His success highlights another characteristic of the Japanese market. He sold the coffee cold,

catering to an already strong demand for iced coffee, and 55 per cent of UCC's present canned sales are in summer. The company calculates that the perfect selling weather is a summer's day of 28 degrees Celsius.

The development of more sophisticated vending machines,

with heating in winter and refrigeration in summer, has stimulated sales, as has a change in Japanese attitudes to impulse buying, according UCC's Mr Eiji Kishimoto, manager of the human resource division. He said that pre-war Japanese were proud of their self-restraint, but now, "if people want a coffee, they buy a coffee".

That is where the vending

machine comes in. There are 5.4m vending machines in Japan, 2.2m with canned drinks, and the rest holding everything from flowers to comic books and linge-

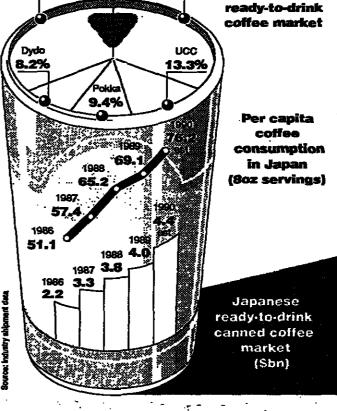
the westernisation of Japanese rie. The average drink machine has 20 spots in 250ml or 350ml sizes at Y100 (76 US cents) a can. In UCC's case, seven spots are taken by coffee varieties, three are tea, and the remainder are juices and other soft drinks.

Coca-Cola Japan began selling soft drinks here in 1945, and introduced vending machines in 1962. The carmed coffee came in 1975 with the launch of the Georgia brand (the company's head office is in Atlanta, Georgia), which has taken 34.3 per cent of the market, and inspired the agreement with Nestle.

The new agreement excludes the Japanese market, where Nestlé is trying to lift canned beverage sales through a joint venture with a subsidiary of Otsuka Pharmaceutical. They released a Nes-café brand product in September and are using Otsuka's vending

r Frank Kelly, executive vice-president of Coca-Cola (Japan), is confident that canned coffee will sell in foreign markets, particularly in "areas where the coffee culture is strong". Japan has lead the way, he says, because of the growing taste for coffee and the demand for convenience.

"The Japanese have very hec-tic lifestyles, which means that convenience is very important. The rapid development of the vending market has enabled Japanese consumers to buy a hot or



34.3%

almost anywhere and at any time of the day or night," Mr Kelly

Coca-Cola is also attempting to tap the canned black tea market, which expanded by 97 per cent last year to \$500m and has grown by 449 per cent since 1985. Canned colong tea also became fashionable after an advertising

campaign early this year successfully used images of Chinese martial artists and ballet dancers to highlight the supposed beneficial effects of the drink. The prospect of unquenched coffee drinkers in foreign markets prompted Pokka, third larg-

est in Japanese canned coffee, to buy a US bottling company, Gra-ton Beverages, almost two years ago. But the company remains cautious about the potential, and will review plans after test mar-keting in California next spring. "We will sell from convenience

stores and supermarkets in bottles and cans. We are a bit ner-vous about vending machines," a Pokka spokesman said.

"In Japan you can put them out in the open, but we worry that they would be smashed in the US. We also wonder if the US. market is already saturated with

# Economics Notebook

# World Bank and IMF review jobs and streamline the odds on technical gamble

international Monetary Fund have succumbed to a bout of soul-searching over whether the technical assistance they provide for countries with economic problems is worth the money or is doing any good. Although the two organisa-tions are mainly considered sources of financial support, the World Bank in particular has become a large-scale supplier of advice, training and special expertise to developing countries. Yet the disenchant-ment with what has been achieved through such techni-

cal assistance is almost palpa-ble in the bank's Washington headquarters.
Big money is at stake. The
World Bank provided \$1.4bn
worth of technical assistance
in its past financial year, representing some 9 per cent of its overall investment in developing countries. It is generally expected that there will be a growing demand for such assistance from the bank and the IMF as eastern Europe and the Soviet Union, if it joins the two bodies, develop market econo-

An article in the latest issue of Finance & Development, the quarterly review produced by the IMF and world Bank, has lifted the vell on a matter of growing concern inside the bank over the past five years. F&D says studies carried out

by the bank since 1986 "confirm that this assistance is not resulting in the expected improvement of skills and abilities of individuals or in the enhanced capacity of institu-tions" in recipient countries. The experience of donors and recipients of technical assistance, especially in sub-Saharan Africa, "has proved to be highly frustrating." it adds. The problem partly reflects a

or transport links, to lending for broad-based programmes reforming the economic struc-tures of developing countries.

In the past four to five years, the bank approved 19 "free-standing" technical assistance programmes, worth some \$200m for sub-Saharan Africa which were aimed at supporting policy and institutional ing policy and institutional change. But, say officials, only three were successful. Another indicator of things

amiss is the number of expatri-ates acting as consultants in sub-Saharan Africa. It is thought that the expatriate population of 70,000 to 100,000 in Africa is bigger than in coloin Arrica is bigger than in con-nial times. According to Mr Nimrod Raphaeli, technical co-operation adviser of the World Bank, "the hiring of unqualified consultants is perpetuating the dependence of the borrowing nations" in Africa on outside expertise.

So does this sorry tale imply that attempts to spread west-ern expertise will face similar problems in the former Communist countries of eastern Perhaps not. The bank has

had some success with techni-cal assistance in Asia. A big problem in Africa has been tailoring the technical assistance to the conditions in the recipient countries.

in some cases, African governments have not actively sought the technical assistance programmes provided by the bank and felt that these were foisted on them as a price for financial assistance. Projects may have been too ambitious or sophisticated.

Although eastern Europe faces unprecedented problems in moving from Communist to

shift in the bank's lending away from support for specific projects such as building dams

market-based economies, it has some advantages over Africa.

The region's governments are some advantages over Africa. The region's governments are actively seeking help. Standards of education are generally higher.

On the other hand, its

requirements are huge. They range from the creation of market-oriented banking systems and functioning stock markets to the establishment of efficient tax systems based on western-style value added tax, income tax and corporation taxes, instead of the present mix of ill defined levies, turn-over taxes and subsidies.

One sign of banking being such a global business is that the London offshoot of a Japanese bank can become expert on economic developments in

eastern Germany.
Bank of Tokyo Capital Markets has devised a consumer confidence indicator which points to an improvement of sentiment between November and May in the former East Germany. More consumers expect an economic recovery during the next year, their personal financial positions seem to have improved slightly and wordes about future pressures on finances have eased.

The 1,000 inhabitants of east-

ern Germany interviewed for the index were also asked whether they would be likely to move to western Germany in the next 12 months.

A worrying 4.7 per cent said they were either likely or very likely to move. If the poll is representative of the population, it would mean migration next year would be higher than the average 46,000 a month that disrupted eastern Germany's economy in the 11 months before monetary union in July.

Peter Norman ings per share is the latest pre-

# Citicorp to cut 4,000 consumer business

By Alan Friedman in New York

CITICORP, the largest US commercial bank in terms of assets, is planning to cut about 4,000 jobs from its corporate lending business in the US, Europe and Japan.

In a separate development, the bank said yesterday that it also plans to restructure its consumer banking business worldwide. Mr John Reed, the Citicorp chairman, said staff reductions

on the corporate side would amount to 25 per cent of the division's 17,000 employees. This is twice the number the bank announced earlier this year, auggesting that the wors-ening climate for corporate business has caused the bank to rethink its cost savings strategy.
The cuts will occur over the

next two years and should result in cost savings of \$300m to \$400m. Less than 1,000 of the cuts will have occurred by the

end of the year, the restructuring of its consumer banking activities would eventually lower costs in this area, but the move was aimed mainly at a strategic rationalisation of back office costs in US and European branch banking.

Mr Tom Jones, the senior Citicorp executive in charge of finance, said yesterday the bank had already rationalised back office costs on the credit card side of its US operations It now plans to pursue a simi lar strategy on the branch banking side by linking more US and European back office operations. What we hope is that this will minimise future cost growth in consumer bank-ing," Mr Jones explained.

Citicorp could not quantify any eventual cost savings on the consumer side. Some 65,000 of the bank's 90,000 workforce are employed in this division. The bank has 700 branches and mortgage nd of the year. offices in the US, plus a further Citicorp said yesterday that 1,133 branches in 36 other

# Gloom on profits

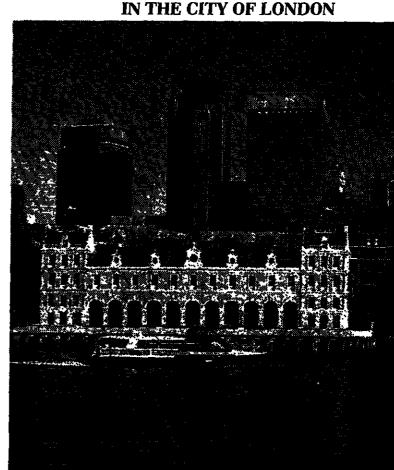
By Roy Perry in London

BRITISH institutional fund managers have sharply low-ered their expectations of UK companies in the last few weeks and now expect earn-ings of UK-listed companies to fall next year.

Two months ago, they were forecasting earnings per share growth of 4.5 per cent, but the latest survey by the Gallup organisation shows expecta-tions have diminished with the economic climate. A full of 0.2 per cent in earn-

Dividend growth is also downgraded with fund manag-ers looking for an average rise of 4.1 per cent in 1991, com-pared with 6.1 per cent in the October survey.

UK equities, however, remain the most popular area of asset class for new investment. Some 54 per cent of 101 institutions questioned in the popular areas are proported to the control of monthly survey sponsored by Smith New Court, the securi-ties house, between December 3 and 4 plan to increase hold-ings. The corresponding figure TO LET LANDMARK OFFICE BUILDING



A 96,000 sq ft modern office headquarters building with trading floor facilities, including a 20,000 sq ft computer/data centre and catering area

Mark Slim JONES LANG WOOTTON 071-248 6040 Ceorge Headry RICHARD MAIN & CO

For futher info

By Charles Leadbeater

IMI, the Midlands-based engineering group, is drawing up plans for further international expansion with ventures which would significantly increase its presence in both the US and the Far East.

In the US, the group is searching for ways to break into the aerospace components market, with its high-quality titanium products used in aero

engines.

Its latest titanium alloy –
known as A3,4 – is being
tested by both General Electric

Whitney the US and Pratt & Whitney, the US aero engine makers. They have told IMI it would have to set up local manufacturing to become

a long-term supplier.
Mr Gary Allen, chief executive of IMI, said the company was exploring a range of options to expand in the US, including licensing the acquisition of a US titanium maker, investment in a greenfield manufacturing facility, or a

By David Lascelles, Banking Editor

THE BOARDS of the Midland

Bank and the Hongkong and Shanghai Bank are due to make their final decisions on

whether to continue their

three-year-old engagement this

They are expected to decide

not to extend their formal agreement which fixes the

agreement which fixes the Hongkong Bank's stake in Mid-land at 14.9 per cent. This expires on December 22. The announcement may say

that the two banks intend to continue their co-operation

with a view to exploring a

Dublin-based video rental com-

pany which was recently approached by Cambridge Group with a view to a possi-

ble offer, has reported heavy interim losses following revi-sions to its tape depreciation

policy. Taxable loss for the six

months to July 31 totalled

ICS.94m, against a profit of

The loss included an excep-

tional charge of 125.79m, princi-pally relating to the changed

Under the new policy, tapes of new release feature films are

to be written down to an esti-

By David Owen

I£1.05m last time.

depreciation policy.

XTRA-VISION,

**Xtra-Vision deep into** 

red with I£9m losses

joint venture with a US producer. The formation of a joint venture is thought to be the most likely route it will take. Orders from General Electric and Pratt & Whitney, the

world's largest aero engine makers, would be a highly sig-nificant step forward for IMI, which is heavily dependent on Rolls-Royce, the British aero engine maker which takes the lion's share of IMI's titanium output. The A34, which the US groups have been testing for several months, is being incorporated into Rolls-Royce's new high thrust Trent engine.
IMI believes titanium will

present a growing competitive challenge to steel as a material used in parts of aero engines which reach very high temper-atures. Titanium is also highly corrosion-resistant and rela-tively light. IMI already has extensive US

operations, manufacturing drinks dispensers and fluid

Midland and Hongkong decide

However, any decision to drop their formal ties is certain to be seen in the market as a

weakening of their commit-

Expiry of the agreement would free the Hongkong Bank to sell its stake in Mid-

land, releasing a wave of spec-ulation over the future of the

UK's third largest clearing

land, the weakest of the Big Four, would have to find a new partner or allow itself to be

the months, with other tapes writ-

ten down over 18 months. Pre-

viously, depreciation of all cas-

decided to concentrate resources on its Republic of

Ireland operations and on its

Videosmith operation in Bos-

ton. Consequently, its British and Northern Ireland interests

and the bulk of its Video Library chain would be dis-

This resulted in a below-the-

line charge of £14.2m, which the group said might be sub-

the disposal programme.
Loss per share was 8.41p,

The group said that it had

settes was over 30 months.

Speculation has centred on

ment to each other.

power systems. It recently expanded its US aerospace activities by winning an order from Boeing, which could be worth \$50m, for air-condition-ing systems for Boeing's new 777 airliner.

Mr Allen said the group is also drawing up plans to expand significantly its activities in the Far East, where IMI has been relatively weak. The company has just bought a prestige office building in Singapore to provide a base for its expanding operations.

The group is also set to go ahead with a £26m investment in the second stage of its Holford industrial estate develop-ment, which has reclaimed large tracts of under-utilised land at its Witton site, near

The 37-acre second stage of the project is expected to attract a £6m grant from the Department of the Environ-

one of the other Big Four, or on leading Continental banks keen to gain a toehold in

the UK market. US and Japa-nese banks are believed to be out of the running

because of their current loca

Hongkong Bank would also need a new partner ahead of the colony's reunification with

China in 1997.

A possibility would be Wells

Fargo, the California Bank with which it already has a co-operation agreement, and whose Pacific Ocean focus cre-

ates a logical link.

**Jones Stroud** 

sees downturn

Jones Stroud, which makes

materials and accessories for the textile and electrical indus-

tries, is expecting profits of around £5.4m for the year ending March 31 1991. They would compare with £6.22m last time.

The six months ended September 30 1990 produced £2.7m

pre-tax, against the corre-sponding £3.46m and much the

same as the second half of that

The second half of the cur-

rent year should be similar to the first. On that basis the divi-

dend would be held at 8p, and an unchanged interim of 3p is

Turnover in the half year

slipped to £30.07m (£30.32m) and trading profit fell to £2.65m (£3.22m). Earnings per share

year, as expected.

declared.

£8m advance in trading The dividend recommendation is 0.28p, up 8 per cent on the last payment from Cam-

expose loss

of £0.86m

at Leica

By Richard Gourlay

LEICA, the company formed in

April from the merger of Cambridge Instruments of the UK

and Wild Leitz of Switzerland,

and is named after the world's earliest 35mm camera, yester-day has reported a small pre-tax loss of £859,000 from sales

of £251m in the half-year to September 29, its first full

Dr Stephan Schmidheiny, chairman of Leica, said the

company was making good

progress with the reorganisa-tion after the merger but the

economic slowdown in the US and weak dollar had resulted

in much lower orders than

expected.

A comparison of pro-forma

figures for the group's busi-nesses showed a £5.5m increase in sales and a near

reporting period.

Dr Markus Rauh, chief executive, said the merger had been followed by six months of costly restructuring but the figures were slightly better than expected and showed the reorganisation was on

In addition to its cameras, Leica is a world leader of instruments and systems for microscopy and surveying. Half its business is in

Rurope, where orders remained buoyant especially in Germany, while a new company in Tokyo had helped sales in the Far East. Dr Rauh sald.

The rationalisation process had required more than £20m but over 80 per cent of the costs of integration had now been incurred, Dr Rauh

Leica incurred an interest charge of £8.2m on net debt that had risen by 5 per cent to more than £100m, giving a gearing of 100 per cent.

However, the company sold a metrology company in Ger-many for Dm40m and since the period closed had disposed of a defence business in Canada for Can\$ 30m.

During the period Dr Schmidheiny, the Swiss businessman, took his stake in Lelca to above 80 per cent after the resignation of Dr Terence Gooding, the former chairman of Cambridge from his position as chairman of Leica.

Dr Schmidheiny still had no ntention of taking the company private and would sell part of his stake once the price is right, Dr Rauh

# By Alice Rawsthorn Clarke Hooper, the marketing

bucks trend

with 5% rise

services company, has bucked the slump in its sector by increasing pre-tax profits by 5 per cent from £1.65m to £1.73m in the six months to October 31. Mr Barry Clarke, chairman,

said sales promotion in the UK recession, but this had been countered by a strong perfor-mance from the North Ameri-Clarke Hooper has expanded

its North American interests by buying the Michael Peters design business in New York from the receivers. It is paying \$50,000 (£25,000) and will provide working capital of

\$250,000. Group turnover rose to £27.71m (£27.4m). Profits before interest and tax slipped to £1.73m (£1.74m) but the interest charge fell to £6,000 (£98,000). Earnings per share rose to 7.1p (6.5p). The interim dividend is 1.7p (1.6p).

**Boscombe Property** returns to black

Boscombe Property has returned to the black in the first half to September 30, reporting pre-tax profits of £124,866, against losses of £32.676.

Earnings worked through at 92.12p (losses 34.43p) per share and, as already announced, the interim dividend was raised from 25p to 40p.

Wiggins subsides to loss of £889,000

Wiggins Group, the housebuilder and property developer, has announced increased losses on sales down from £10.79m to £6.92m in the

six months to September

Operating profit before exceptional items was £102,000 (£693,000), but after interest payable of £991,000, compared with £1.54m, pre-tax losses emerged up from £806,000 to £888,000.

There is again no interim dividend. The loss per share of 5.6p (5.2p).

#### Several factors put Wilton into loss

Several special factors hit

Wilton Group in the first half of 1990, and led to a downturn from a pre-tax profit of £341,000 to a loss of £436,000. Interest charges rose significautly to £770,000 (£42,000) following the acquisition of Intercounty Properties, the expansion of which had been financed by bank lending. And this time there was a £313,000 write down of quoted investments taken above the line. A further factor was the investment in Cowan de Groot, which led to representation on

# Low orders | D-day for Goodman's rescue plan

By Kleran Cooke in Dublin

THE SAGA of Goodman core assets, a reorganisation International enters what is likely to be its final stages and payment of an Islo3m nontoday as banks owed more than I£500m meet to decide whether or not to approve a rescue plan for Ireland and Europe's biggest beef processor and exporter.

As Mr Peter Fitzpatrick, the examiner appointed to Good-man International, has made clear, the banks can accept the bad or they can accept much worse. If they take a workout they can at least hope to they can at least hope to receive a majority, though certainly not all, of their lendings to Goodman — though this will be over a seven-year period.

If the banks vote for liquidation they are likely to receive, at best, only 30p in the pound, according to Mr Fitzpatrick.

Tomorrow, he is due to tell the Figh Court in Dublin

the High Court in Dublin whether or not he has succeeded in pushing through the rescue. If the answer is no then liquidation seems inevitable.

The rescue plan includes the sale of various Goodman "non

performing "rump" debt over a seven-year period.

An Iraqi debt of I£167m is, according to the Fitzpatrick plan, either going to be eventu-ally paid by Baghdad or satis-fied by a court action being undertaken by Goodman against the Irish government for the cancellation of various export insurance guarantees covering trade with Iraq.

While many banks seem to accept they have no choice but to go along with the rescue plan, the outcome of today's meeting is by no means cer-tain. Some banks want the government to help in the rescue by paying interest, particularly on the Iraqi debt.

pending (the government with-drew export insurance from Goodman after various "statis-tical discrepancies" had been found) the state is most unlikely to help Goodman.

Mr Larry Goodman, head of However, with a court action



Larry Goodman: upset many politicians and farmers

the privately-held group, is not popular with many Irish politi-cians. In 1987 he promised

The government says the financial mess Goodman is now in was caused not by the tradi situation but by specula-tive investments on the Lon-don Stock Exchange (in Uni-

gate and Bertsford.

The Irish farming community also seems to have turned against Goodman. Farmers accuse beef producers like Goodman of profitering the main opposition party in the Irish parliament has called for the break up of the Goodman group to prevent what it called

uncompetitive practices.

Banks are unbappy about the growing cost of the attempted Goodman bale out and clauses in the rescue plan which promise Mr. Goodman bale out. which promise Mr Goodson immunity from any future prosecution by creditor banks. Meanwhile the rescue plan could come tumbling down it an action by Banco Rilleo to liquidate Goodman's UK assets is successful. Banco Bilbao, owed IE10m by Goodman, is due to start its action in the Belfast High Court tomorrow.

# Rodime to end its remaining production at Glenrothes

By James Buxton, Scottish Correspondent

RODIME, the Scottish-based computer disk drive maker, is to end its remaining manufac-turing operations in Glen-rothes, Fife, because of con-tinuing losses. All manufacturing is to be concen-

trated at the Singapore plant and 90 of the 240 employees at Glenrothes will lose their jobs.

Mr Peter Bailey, the managing distance where the state of the stat ing director who took over last year as part of a large scale financial rescue of Rodime, said the measures were required to reduce overheads and improve manufacturing efficiencies because the company's core business was continu-

Clarke Hooper

ing to operate at a loss.
The company, which is

quoted in London, said its manufacturing had been adversely affected by problems experienced by a "critical vendor" of components which it did not name. The company had not made being manufactured in Japan by Victor Company (JVC). The company's head of operations profit since 1985 and was providing \$5.5m to cover the restructuring costs in the fourth quarter of the year ended September 30 1990, for

results next month. In the first nine months of this year it incurred a loss of \$11.3m. Rodime would stop manufacturing at Glenrothes at the end of January. The plant would continue as the main design and product engineering centre

which it should announce

responsibility for all Rodime's worldwide repair functions. All Rodime's products would be made in Singapore except for its new 120 megabyte 3.5 inch disk drive which was

would move to Singapore.
Mr Bailey said plans to introduce an automated manufacturing production line at Glen-rothes by 1992 would continue, in order to take advantage of being in the EC. The Scottish location had advantages as an R & D base because of low staff turnover compared with Silicon Valley in California.

#### United Industs profit halved

High interest charges and a downturn in certain subsid-iaries led to the first half pretax profit at United Indus being halved. And the interim dividend is cut from 1.2p to

Turnover in the six months ended October 6 1990 fell from £22.45m to £21.47m and the profit slumped from £1.38m to £693,000. Earnings per share dropped to 1.41p (2.54p).

Interest took £437,000 more and while the materials handling division maintained profitability at operating levels, other sections did not perform so satisfactorily.

That was particularly the

case in the springs division where reductions in custom-ers' requirements had a "most marked effect". Action had been taken to reduce operating costs.

LAST WEEK'S CROSS BORDER DEALS COMMENT UK's Bass sells Another Wall St deal for Japan £10m+ 20% stake More Japanese ad expansion Continuino First such venture since 1949

BIDDER/INVESTOR TARGET Martini & Rossi Otard (France) Sumitomo Corp (Japan)/ Wates (UK) Sanwa Bank (Japan) Michael Duval (US) Sanwa Duval (jv) Investment banking Mitsubishi Corp Corporate finance Phoenix Hakuhodo (Japan)/subs of Advertising Cadbury Schweppes (UK) Fafil (Portugal) Sanwa Bank (Japan) Shanghai Intl Financia: Finance Co WH Smith (UK) Wall to Wall (US) Music stores WHS picks plums Heineken (Holland) Van Munching (US) Beer Distr Only Heineken can do this Precision Macania Car components N/A Sector adjust-ments continue Labinai France) unit (italy)

The week was dominated by Japanese investment across the globe, writes Brian Bol-len. The joint venture was the main vehicle, financial services a favourite target sector.

In the latest investment by a Japanese financial house in Wall St, Sanwa Bank linked with ex-First Boston executive Michael Duval to form a takeover boutique. Sanwa Duvay plans to emphasise the building of long-term relationships and strategic deals, but will not form a fund to invest as a principal.

London-based corporate finance specialist Phoenix Securities said the purchase of a 20 per cent stake by Mitsubishi Corp will give it a chance to diversify into new areas of corporate finance. Particular objectives are the generation and execution of business between Japan and Europe.

The Japanese ability to take a long-term

approach to investment was illustrated by Sumitomo Corp's first property purchase in the UK, a half share in a City of London office development. Putting current market difficulties into perspective, Sumitomo stressed that it takes a

30-year view of investments.

The Australian joint venture between Haku-hodo and Interpublic subsidiary Lintas continues the overseas expansion of Japanese adver-

The week's shake-ups in Europe's premium drinks industry included Swiss-controlled Martini & Rossi's further expansion of its French activities by buying control of cognac producer Otard from Bass of the UK.

Cadbury Schweppes advanced its strategy of becoming a main player in the European soft drinks market with its purchase of Portuguese

Adding to the recent series of takeovers in

the European car components industry is Precision Necanique Labinal of France. It is buying Fiat of Italy's automobile wiring activities, more than doubling its sales in the sector.

Dutch brewer Heineken acquired Van Monching, taking to a logical conclusion its long-standing folklorique relationship with the importer which made Reineken the best-selling foreign beer in the US.

# FT-A Share Indices changes

THE classification Sub-Committee of the FT-Actuaries Indices has completed the reclassification of individual companies brought about by the creation of three new groups, as announced last month. Leisure (29) will be renamed Hotels and Lei-

The following companies move from Leisure to the new Media group (30): Anglia Television Group, Capital Radio, Carlton Communications, Central Independent Television, HTV Group, Scottish Television, Thames Television, TV-am, TVS Entertainment, Yorkshire Television Hold-The following companies will join Media from

Publishing and Printing (32): Daily Mail & General Trust, EMAP, Maxwell Communication Corporation, Pearson, Reed International, Trinity nternational Holdings, United Newspapers, Watmoughs (Holdings).
In addition, the following companies will also

in addition, the following companies will also join Media from the Agencies group (41): Acais Group, Aegis Group, Blenheim Exhibitions Group, More O'Ferrall, Reuters Boldings, Saatchi & Saatchi, Shandwick, WPP Group.

The Publishing and Printing group will be discontinued. As a result, the following compa-

nies will move to the Miscellaneous group (48): De la Rue, Microfilm Reprographic, Microgen Holdings, St Ives, Wace Group.

Holdings, St ives, wace Group.

The existing Agencies group will be discontinued. Five companies currently in the Agencies group are among the constituents of a new Business Services group (new 41).

This group will consist of Automated Security Holdings (formerly in Miscellaneous), BET (for-

merly in Conglomerates), Hawthorn Leslie (for-merly in Miscellaneous), Inchcape (formerly in Overseas Traders), Johnson Group Cleaners (formerly in Miscellaneous), Lep Group (for-merly in Transport), Reutokil Group (formerly in Chemicals), Securicor Group (formerly in Miscellaneous), Sketchley (formerly in Miscella-neous).

Christies International will move to the Mis-

cellaneous group (48).
In addition to the companies moving to the new Business Services group, the following companies will move from the Congiomerates group (43): Rank Organisation (to Hotels and Leisure); Hays (to Transport, group 44).

AAH Holdings will move to the Health and Household group (27) from the Miscellaneous

group (48).

A new Electricity group will be created (45); this will initially consist of as many of the 12 new regional electricity companies as have become index constituents by December 31.

The Overseas Traders group (51) will be dis-The Overseas Traders group (91) will be discontinued. Of its constituents, James Finlay and

Linton Park will move to Food Manufacturing (25); Paterson Zochonis will move to Health and Household (27); Lonrho will move to Conglomer-

All the changes will come into effect on January 1. The base date for the new groups 30, 41 and 45 will be December 31 1990; the new and amended groups will be shown for the first time in the Financial Times on January 3.

Changes to the FT-Actuaries Fixed Interest Indices, which will also take effect on January 3. will be announced separately.

#### Notice to Lombard Depositors The following interest rates will apply from 10th December 1990 Rates for depositions entitled Rates for depositions entitled Grass equivalent to a for receive gross interest base nite tax payer 14 DAYS NOTICE Minimum initial deposit £5,000

When the balance is £5,000 and above 12-375 9-281 12-375

10-250% 7-687% 10-250% CHEQUE SAVINGS ACCOUNTS | Minimum until deposit £1,00

9-000 % 6-750% 9-000 % PA When the balance is £1,000 up to £4,999

7-000% 5-250% 7-000%

\_ombard The Complete Finance Service Deposit Accounts

U.S. \$275,000,000 of which U.S. \$200,000,000 has been Issued as the Initial Tranche The Bank of New York Company, Inc. Floating Rate Subordinated Capital Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 8.125% p.a. and that the interest payable on the relevant Interest Payment Date, March 11, 1991 against Coupon No. 21 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$205.38.

December 10, 1990 Landon
By: Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANCO

EUTELSAT XEU 50 000 000 - 9% - 1985/1993 med that the redemption in

Consequently, the 10,000 bonds of XEU 1 000.

CREDIT LYONNAIS LUXEMBOURG SA - GENERALE BANK, Brissels BANCA COMMERCIALE ITALIANA, Milzbo,

We recall that the following bonds relating to the preveneed for redemption.

The Fiscal Agent CREDIT LYONNAIS LUXEMBOURG S.A.

were 9.53p (11.58p). The Commissioners of the State Bank of Victoria tion constituted under the State Bank Act 1958 of the State of Victoria, Australia)

Licensed Deposit-Taker JAPANESE YEN 20.000.000.000 **GUARANTEED STEPPED-UP COUPON NOTES DUE 1991** 

ment of principal and payment of interest and other charges to be

guaranteed pursuant to the State Bank Act 1958 by The Treasurer of the State of Victoria Coupon No. 9

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period from 10th December. 1990 to 10th June, 1991 being the ninth Interest Payment Date (all as defined in the Terms and Conditions), is 8.33750% per annum. Interest payable on 10th June, 1991 will amount to ¥416.875 per ¥10.000.000 principal amount of the Notes.

The Long-Term Credit Bank of Japan, Limited Tokyo

Agent Bank

U.S. \$150,000,000



# Bank of Treland

**Undated Floating Rate Primary Capital Notes** in accordance with the provisions of the Notes, notice is hereby given that for the three month interest Period from December 10, 1990 to March 11, 1991 the Notes will carry an Interest Rate of 5%% per annum. The interest payable on the relevant interest payment date, March 11, 1991 will be U.S. \$210.12 per U.S.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

December 10, 1990

\$10,000 principal amount.

O CHASE

The Hongkong and Shanghai **Banking Corporation** (Incorporated in Hong Kong with limited flability) U.S.\$400,000,000



PRIMARY CAPITAL UNDATED FLOATING RATE NOTES

Notice is hereby given that the Rate of Interest has been fixed at 8.25% and that the interest payable on the relevant interest Payment Date March 11, 1991 in respect of \$5,000 nominal of the Notes will be \$104.27 and in respect of \$100,000 nominal of the Notes will be \$2,085.42.

December 10, 1990, London By: Clabank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

Leeds and H

... in . 186

1 **111** 

13

₹4

l'ur<sub>ti</sub> Faro-Cerm

> 14(Hz-I liv belite

URS Phillip

M. Gentler M. Gentler

United Industs

profit halved

the to content thorne and

A wastern transport and the state of the sta

the standard in cut from 151

a find that he there are me

1 m and g

and a stamped from Diffe.

to the Large Nigh

and the second sections,

er som om det meg

The Roman Control of the

er en die sydden meg

with the artists to a reg

and the second section of the second

Service and state of the

As her had been taken

RREAL

the bar offers

USALS.

et at 10 Mg garan et e Les

2012 Fold 10 1419 (2014)

BAN INCLAMINA

William Dawkins reports on BSN's sale of Pommery and Lanson to LVMH

r Antoine Riboud, the grizzled 71-year-old founder chairman of BSN, Europe's third largest foods group, is affectionately nicknamed the old fox in Pari-

nicknamed the old fox in Parisian financial circles.
So it is no surprise that he has just found something in common with Mr Bernard Arnault, the 4i-year-old chairman of LVMH, the drinks and luxury goods giant. He is sometimes referred to as a young wolf by rivals who have been out.rm by Mr Arnault on his out-run by Mr Arnault on his

way to the top.

The old fox and the young wolf were certainly both lick-ing their chops with satisfac-tion on Friday evening, when they met in an elegant Parislan hotel to announce that BSN is to sell Pommery and Lanson, its two champagne brands, to LVMH for FFr3.1bn (\$62m). The sale, fixed up in less than a fortnight by Lazard

Frères, the merchant bank which dominates the French acquisitions scene, lifts LVMH's share of the world champagne market from 18.6 per cent to 24 per cent. Its eight champagne brands now represent a force more than three times the size of LVMH's nearest single competitor, Seagram, the Canadian drinks company, which controls Mumm and Perrier-Jouet.

Several atternative US and UK suitors were disappointed. But Mr Riboud says he saw an advantage in selling to the company he considered knew the industry best. He jokes, referring to the capital of the Champagne region: "Rheims cathedral can only fall into French hands."

The deal allows BSN to make a big dent in the FFr14.4bn long-term debts which it had built up to finance a spectacular takeover spree over the past two years, climaxing with the acquisition of Nabisco's biscuits divisions. Borrowings represent a hefty 73 per cent of shareholders' funds, saddling BSN with an interest payments bill which was the main feature in a lower than expected 7 per cent net profits growth for the first half of this year.

It is by far the largest of BSN's disposals since Mr Riboud first announced in Sep-tember that he wanted to pull out of peripheral businesses to "sharpen" BSN's strategy in response to the economic slowdown.

Since then, he has raised FFr1.5bn from the sales of BSN's US biscuit division. Belin Surgelés, the frozen cake and pastry maker and a stake in Havas, the French advertising and communications group. So most Paris stockbro-kers had already guessed what was up as soon as they heard there was to be an announce-ment – and BSN's share price rose by 5 per cent in anticipa-This is a reasonably honour-

able retreat from a sector in which Mr Riboud admits he was unable to win the same market position he demands for BSN's main products. The food group is first or second on the world or European markets in dairy products, mineral waters, biscuits, pasta and beer, through brands like Dan-one, Evian, Huntley & Palmers, Panzani and Kronenbourg. Yet PSN's champers, business BSN's champagne business,



Antome Riboud: plans to sharpen strategy

acquired six years ago, brought

tha mere 5.4 per cent share of the world market. For BSN, this is a good moment to cut and run from champagne because many analysts, including LVMH, believe that the market is heading for a downturn in the US and Europe. On top of this, grape prices have risen by a quarter this year. This is due to the breakdown of the traditional agreement under which French agreement under which French growers undertook to supply a pre-arranged proportion of their crops to champagne houses, plus a smaller than expected 1990 harvest.

Yet for LVMH, an acquisition of this type is exactly in line with the strategy being fol-lowed by most of the interna-tional drinks industry. They are focusing increasingly on efficient distribution as the important feature of building brand strength. LVMH will distribute Pom-



Bernard Arnault: focusing on efficient distribution

mery and Lanson through the same networks as its six other champagne brands, Moët & Chandon, Venve Cliquot, Mer-cier, Canard-Duchène, Ruinart and Henriot. In this way, it stands a chance of marketing Pommery and Lanson more coherently with better economies of scale than were available to BSN, which used to boast that it distributed champagne, beer and mineral water on the same networks.

BSN's drinks industry competitors increasingly believe that the way to protect brand image is to keep a number of brands with the same kind of identity in the same network, ideally under their own con-trol. Mr Riboud recognises that his champagne businesses were at "a big disadvantage" against drinks companies with a wider range of brands in their cupboards. The first benefit should be in the US and

son are hardly sold but where LVMH brands are strong. Pommery and Lanson made a FFr80m net profit on sales of a FFr80m net profit on sales of nearly FFr1bn last year, which Mr Riboud reckoned "was insufficient in relation to their value". LVMH might be able to get a better return, but even so those figures indicate that it is paying an extremely steep looking 38.7 times last year's earnings for Pommery and Lanson, compared with the price earnings ratio of 15 on price earnings ratio of 15 on which LVMH's own shares

which LVMH's own shares stood on Friday.
However, the deal also includes a stock of 50m bottles, three and a half times this year's Pommery and Lanson deliveries, and 500 hectares of priceless vineyard. LVMH has 150m bottles in stock.

The deal will lift LVMH's

champagne sales from FFr5.1bn to FFr6.1bn, around 30 per cent of last year's FFri9.6bn group turnover. The impact on BSN's business structure is small, for champagne represented a mere 2 per cent of the food group's FFr48.7bn sales last year.

This exchange between two glants of the champagne indus-try could be a worrying sign for the dwindling number of small family-owned champagne houses left in the region. A recent Bank of France study drew attention to how the champagne giants like LVMH and Seagram are growing at their expense, because they are better able to support the weight of investment required. The decision of a powerful player like BSN to sell out invites the question: "Who will

Laidlaw aims to

#### ALUMINERIE LAURALCO, INC.

**▼ALUMAX** 



U.S. \$800,000,000 Project Financing

DESCHAMBAULT ALUMINUM SMELTER PROJECT in Quebec, Canada

Arranged, Underwritten and Syndwated By

Bank of Montreal

National Westminster Bank PLC

Bank of Montreal

National Westminster Bank PLC

Canadian Imperial Bank of Commerce Credit Lyonnais Group Banque Indosuez The Industrial Bank of Japan Trust Company Société Générale Swiss Bank Corporation Westdeutsche Landesbank Union Bank of Switzerland

Caisse Centrale Desjardins Daiwa Bank Trust Company State Bank of New South Wales Limited

Chemical Bank The Chase Manhartan Bank, N.A. The Fuji Bank, Limited Mellon Bank N.A. Westpac Banking Corporation

ABN Bank N.V./Bank Mees & Hope N.V. The Bank of New York Banque Nationale de Paris

Amsterdam-Rotterdam Bank N.V. Dresdner Bank AG

Bank of Montreal

Syndrotem Agent National Westminster Bank PLC &

# Pirelli to press on with Conti merger plan

By Andrew Fisher in Frankfurt

PIRELLI of Italy intends to press ahead with its proposals to merge its tyre operations with Continental, the German tyre company, despite the rejection of its initial terms. With a direct 5 per cent stake of its own and the sup-

port of institutional investors, Pirelli asserts that it can speak for well over 51 per cent of the Continental shareholders. It argues that the German and Italian institutions backing Pirelli feel the value of their stakes in Continental would be better preserved through an amalgamation.

Both companies have agreed to have their tyre assets valued on the basis of publicly available information. Talks could then take place next year on a possible merger. Previous attempts to start negotiations foundered because Pirelli would not agree to a Continen-tal demand that it refrain from buying or selling its shares or from voting them in sharehold-ers' meetings for two years.

Mr Horst Urban, the chief executive of Continental, said recently it was strange that Pirelli had not identified the source of its support.

Pirelli says it has agreed not to disclose their names, but expects their identity to emerge over coming months as the institutions have to declare shareholdings in their accounts. Two Italian banks, Mediobanca and Sopaf, have already done so. It is under-stood that Allianz, the big German insurance group, is also on Pirelli's side.

Pirelli has not come out publicly in defence of its proposals, but is upset about the way Continental has chosen to interpret them. It says it was price and that there is scope advised against a straight for negotiation.

exchange of the assets of Pirelli Tyre Holdings (PTH) for Continental shares because registration delays of up to 18 months could be involved under German law.

Instead, it proposed that Continental buy the PTH assets and finance this purchase partly through a rights issue and debt. Continental says the price of around DM2bn for the PTH assets is

too high. Pirelli counters that this figure was an example not a firm

# maintain 20% growth rate

**By Robert Gibbens** in Montrea!

LAIDLAW, the big Canadian waste management and trans-port group, says first quarter results are on target and it hopes to maintain average annual growth of 20 per cent in

Laidlaw, which earned US\$214.5m on revenues of US\$1.75bn in the year ended August 31, is now controlled by Canadian Pacific. Mr Donald Jackson, the pres-

ident, said that Laidlaw's balance sheet would remain strong so the company could usition opportunities The stock is being listed in New York from today.

**Issue Price:** 

**Issue Price:** 

**Berliner Bank** 

Bayerische Vereinsbank

Landwirtschaftliche Rentenbank

Salomon Brothers AG

Amro Handelsbank

Daiwa Europe

(Deutschland) GmbH

Merrill Lynch Bank AG

Elsässische Bank & Co.

Société Générale -

# Advertise your house

in full colour in the Weekend FT.

To find out more, call Richard Huggins on 071-873 3460

TOP FINANCE (BERMUDA) II LITO US\$ 25,000,000 PLOATING RATE NOTES DUE 2000 Notice is hereby given that for the interest period from 7 December 1990 to 7 June 1991 the notes will carry an decest rate of 8 1375% ner an CHEMICAL BANK

# NYSE member firms report Tosses totalling \$124m

By Karen Zagor in New York

THE New York Stock Exchange has reported that its member firms doing business with the public, including such big names as Merrill Lynch and Salomon Brothers, posted after-tax third quarter losses of \$124m compared with profits of \$471m a year earlier.

Although analysts were not surprised by the deterioration, they were surprised by the decline from the second quarter of 1990, when the firms turned in after-tax profits of

Mr Lazlo Birinyi, a respected financial markets strategist at Birinyi Associates in New York, said the break-even point for the industry in terms of daily trading volume is about 160m to 170m shares, and vol-ume has fallen short of this level during most of the third

This announcement appears as a matter of record only.

LEEDS BUILDING SOCIETY

Leeds and Holbeck Building Society

£150,000,000

Euro-Commercial Paper and

**Euro-Certificate of Deposit Programme** 

Dealers

NatWest Capital Markets Limited

**UBS Phillips & Drew Securities Limited** 

Arranger

In addition, there has been a 98.3 per cent to \$22m on revetremendous diminution of new nues of \$40.76bn against profits issues. "The public is less than enamoured with Wall Street and equities," he said.

However, volume was not much higher in the second quarter, and the main distinction between the second and third quarters was the effect of the Gulf crisis.

After tax profits for the first nine months of 1990 plunged

November 1990

of \$1.28bn on revenues of \$45.09bn last year. Expenses in the first three

quarters of 1990 were \$40.72bn against \$43.16bn a year

The New York Stock Exchange said yesterday that about 48 per cent of the 334 firms reporting for the quarter were profitable.

### **IEP** lifts stake in Wm Low

By Maggie Urry

board.

SIR Ron Brierley's IEP Securities has increased its stake in Wm Low, the Dundee-based food retailer, to 20 per

It was increased from 17 per cent by IEP taking up its rights in the current £37.9m cash call and buying a further 1.1m shares in nil-paid form in the market. The total cost to IEP of the extra investment will be

Mr Stuart Mitchell, of IEP, said the new investment was consistent with IEP's long-term investment horizons. He said the price had fallen to a level where IEP considered the shares to be good value. IEP had no current intention of asking for a seat on the

Sir Ron, the New Zealand in Low for some years, repeatedly increasing it.

> TOAGOSEI CHEMICAL INDUSTRY CO., LTD. (the "Company") Warrants to Subscribe for Shares of Common Stock of the Company, Issued in Conjunction with the Issue of US\$100,000,000 4"A% Guaranteed Bonds due 1993

You me hereby notified that, as a result of a free distribution of Shares of Common Stock of the Company to the shareholders of record as at 31st December, 1990 Japan tiste, at the rate of 0.06 Shares for each Stare held, the Subscription Price of the captioned Warrants will be adjusted personn a Condition 7 of the Warrants trade the Instrument dated With sometimes to the warrants under the Instrument dated 28th July, 1988 as follows: Current Subscription Price per Share Adulated Subscription Yen 785.00 Adjusted Subveription
Price per Share Yen 740,60
Effective is from 1st January, 1991,

Japan time. The date of roste of the Shares to be issued upon such free distribution is 30th February, 1991, essei Chemical Industry 10th December, 1990

# STAATSBANK BERLIN

DM 4,000,000,000

100.14%

DM 2,000,000,000 **Deutsche Mark Floating Rate Notes** of 1990/1993 (B)

100.09%

### **Deutsche Mark Floating Rate Notes** of 1990/1994 (A)

DG BANK Deutsche Genossenschaftsbank

Commerzbank

Dresdner Bank

BHF-BANK

J. P. Morgan GmbH

Schweizerische Bankgesellschaft (Deutschland) AG

Baden-Württembergische Bank Bankers Trust GmbH

Bank of Tokyo (Deutschland) **Banque Paribas Capital** Markets GmbH

DSL Bank

(Deutschland) GmbH

(Deutschland)

The Nikko Securities Co., (Deutschland) GmbH Sumitomo Bank

(Deutschland) GmbH Trinkaus & Burkhardt

**NOMURA BANK** 

Deutsche Bank

CSFB-Effectenbank

(Deutschland) AG

(Deutschland) GmbH

Industriebank von Japan

Daiwa Bank

Morgan Stanley GmbH

Schweizerischer Bankverein

M. M. Warburg - Brinckmann, Wirtz & Co.

Yamaichi Bank (Deutschland) GmbH

100

**UBS Phillips & Drew Securities Limited** 

Issue and Paying Agent **National Westminster Bank PLC** 



# Evidence of slowing industry piles up | Cut in prime rates likely this week

SPECULATION about a cut in interest rates has driven up the gilt-edged securities market for the third week running. Last week, hopes of a peaceful solu-tion to the Gulf crisis, plus fur-ther signs of a recession, added to the pressures propelling

prices upwards.
On Friday night, the benchmark Treasury 9 per cent bond maturing in 2008 was quoted at 90%, up about 1% points on the previous week. That made a total rise of roughly 5 points

The evidence continued to pile up last week about the legree of the slowdown affecting UK industry. Mr Norman Lamont, the chancellor, told the Commons Treasury and Civil Service Committee on Wednesday that business was

very rough". The message about economic weakness was reinforced by figures showing that bankjust 2.3 per cent in the first week of December compared with the same period last year.

months.

Since the banknote numbers broadly correlate to MO - the ply and an indicator to which the Treasury attaches great importance - the figures may help to convince Mr Lamont about the need to cut the 14 per cent base rate soon to restore growth in the economy.

Such a decision is confidently expected by many participants in the gilt market. perhaps as early as this Friday when the government is expec-ted to announce that the annual rate of inflation went down to about 10 per cent in November compared with 10.9 per cent in October.

Despite the general bullish tone of the gilt market, some concern about the pound's lowly position in the European exchange rate mechanism.

tated at par (%) Nov 30, 1990

Dec 7, 1990

UK gilts yields

in the ERM. Its weakness might prevent the government from cutting rates as quickly as it wants next year Another potential problem for gilts concerns comparisons with other European govern-

ment securities.

Reflecting the increase in prices, gilt yields have declined in recent weeks to only slightly

However, inflation in the UK is significantly higher than in France and Germany. And many currency traders believe that the exchange risks attached to sterling are far greater than for the franc or D-Mark, a consequence of the pound being allowed a relatively wide span of movement within its broad, 6 per cent

ERM band. This exchange risk

would be reduced only if

Britain decided to move to a

narrower 2.25 per cent band. Many bond specialists believe that the relatively small differences in yields between UK gilts and the French and German securities cannot be sustained for long, given the special factors related to the British economy. One trader said last week: "The market is going to adjust soon. The economic fundamentals do not support the decrease in gilt yields that we have seen in recent weeks."

Peter Marsh

# worries are beginning to emerge. There is continued

The pound closed on Friday night at about DM2.89, well below its central DM2.95 rate

### **GERMAN BONDS** Concern shown over the cost of unity

IT HAS been a turbulent year for the German bond market. With the introduction of the D-Mark to East Germany in July, political unification in October, and the first free elections for a united parliament for nearly 60 years in Decem-ber, investors and dealers have had a lot to ponder.

The events have been momentous and the implications for the bond market no to 9 per cent in February and have since hovered not far from that level, although last week saw a slight shading after Chancellor Helmut Kohl's expected election victory and hopes of a Middle East settle-

In fact, the market has tended in the past few days to react more to foreign news than to domestic issues, although the latter remain very much in dealers' minds. The German market is still more vulnerable than other markets to setbacks and has the greatest domestic worries," says Mr Klaus Baader, German bond analyst with UBS Phillips

& Drew in London.
Chief among the market's concerns continues to be the cost of unity and the resulting

surge in public spending. "The rise in new public sector bor-

NRI TOKYO BOND INDEX (%) Alej 7.36 141.12 146.40

rowing to 5 per cent of gross national product is likely to be a burdening factor for the Ger-man capital market in the coming year," according to a review by Trinkaus & Burkhardt, the Düsseldorf bank. The public sector's net borrowing requirement in 1991 has been forecast by the Finance Ministry in Bonn to reach

DM140bn (\$93bn) - half of this at Federal government level – after savings in previously planned spending of some Moreover, the deficit does not include borrowing by the Treuhand, the agency dealing with the privatisation or clo-

sure of much of east German industry. This could total some DM10bn next year after DM15bn in 1990. So far, the bond market has coped well with the rising state borrowing needs. "The market has been relatively unblemished by it all," comments Mr Baader. But the closing weeks of this year could still give it a few more jolts. The strong showing of the Free Democratic Party, the junior coali-tion partner, in the election has led it to press for lower tax

rates in east Germany than in the west. This would deepen the financial hole left by unity, although it might add a much needed economic stimulus to the new eastern states.

Mr Theo Waigel, the finance minister, reinforced his dis-taste for a split tax regime in a weekend newspaper interview. "We don't want a divided Germany in the tax area, espe cially since this would mainly benefit firms which move their headquarters. They would be able to save taxes without creating new jobs. We won't have that."

One area in which no compromise is expected is monetary policy. The Bundesbank has expressed acute concern about the extent to which unity costs are being met through the capital market. To keep the D-Mark strong, both to attract capital and to ward off inflation, it intends to keep interest rates high and monetary policy tight. Dealers will be watching the outcome of this Thursday's Bundesbank meeting to see whether signs of further tightening emerge.

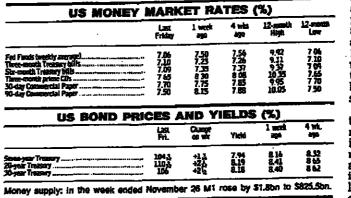
**Andrew Fisher** 

US BANKS are likely to cut their prime rates from 7 per cent to 6½ per cent this week. Last Friday Southwest Bank the small St Louis bank that traditionally starts a round of prime rate changes its prime rate by 25 basis points, raising expectations that the big money centre banks will follow suit shortly. A cut in the prime rate will be the most immediate consequence of Friday's easing of monetary policy by the Fed Reserve, which responded to quite dreadful unemployment figures by injecting funds into the banking system to push the Fed funds rate down by one quarter of a point to 7%

A second likely consequence is a reduction in the discount rate before Christmas, most probably by 50 basis points to 6% per cent. The sharp rise in unemployment during November should convince the Fed that more help is needed if the US is to escape deep recession.
As one government official said of the economy in a rare moment of candour on Friday.
"I think we're in trouble."

Although all eyes last week were on the Gulf crisis and the were on the Guit traits and the economy, hidden under the del-uge of big stories was an event of perhaps greater significance for the international banking system and money markets the Bank of Japan's decision to accept commercial bills denominated in foreign currencies from Japanese financial institutions as loan collateral.

The move, announced on the same day as the Fed's change in bank reserve requirements,



was intended to ease the liquidity shortage in Tokyo. The Fed altered its policy for

the same reason. Both central banks appeared, in the words of Mr Donald Coxe, strategist at Gordon Capital in New York, to have "squared the circle". That is, eased the liquidity crisis in the banking system without cutting short-term interest rates. it was a neat move," said Mr Coxe. Banks have found it increasingly difficult in the US and Japan to raise money. To some economists, the liquidity problems plaguing both the US and Japanese banking systems

The liquidity problems had led some money market observers to develop a "night-mare scenario": at the end of this year strong seasonal demand for loans from US companies (looking for money to pay out dividends) is not satis-fied by banks unhappy to

have been at the core of the bear markets in New York and

increase lending. Meanwhile in Tokyo a liquidity shortage forces Japanese banks to sell huge amounts of their dollardenominated US commercial loans in order to meet the strict collateral requirements

the Bank of Japan. The result? A sharp rise in short-term US interest rates which exacerbates the liquidity problems and makes life even tougher for embattled corporate America.

Faced with this, it appears the Fed and the Bank of Japan moved together to restore sta-bility to the banking system. Of course, there was no proof of collaboration, but the announcements of the policy changes were made within five minutes of each other. Just coincidence?

Of the two changes, the Bank of Japan's went virtually unreported but arguably was the more important. The broadening of the list of acceptable collateral for loans means Japancee banks, by far the higgest short-term lenders to US com-panies (50.5 per cent of the total growth in US commercial and industrial loans between 1984 and 1989 came from Japanese banks) will not be forced to dump dollar holdings because of domestic credit con-

and of the

National Application

World In

Interim Results

and saving

Summary of §

Symmetric

Administration of the states

Star Stronger

the same of the same of

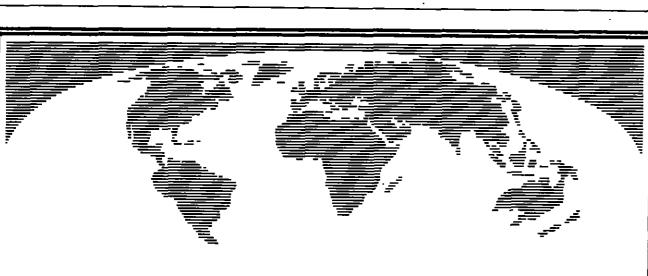
But how do we know that the world's banking system is now healthler? For one, following the central bank announce ments investors in New York and Tokyo bought bank shares in size in the belief that the liquidity squeeze had been

More important, the "Ted spread" told us so. The Ted spread is the difference in the eld on US Treasury bills and Eurodollars (in this case the spread between March T-bill contracts and March Eurodoliar contracts on the Chicago futures markets) and is closely watched as an indicator of international liquidity condi-

Since the Fed and the Bank of Japan moved on Tuesday. the Ted spread has narrowed 22 basis points as Eurodollar contracts rallied firmly. A move in the spread of that size is rare, and indicates that the markets recognise liquidity in the international banking system has improved signifi-

The move in the Ted spread cannot be dismissed as unimportant with \$2.8 trillion (million million) worth of Eurodol-lars currently sloshing about the world's financial markets,

Patrick Harverson



We wish to thank the following organizations for participating in our Environmental Services Seminar on December 3-5, 1990.

American Capital and Research Corporation

Browning-Ferris Industries, Inc. Canonie Environmental Services

Chambers Development Company, Inc. Chemical Waste Management, Inc.

Hazardous Waste Treatment Council Horsehead Resource Development Company, Inc.

International Technology Corporation

Natural Resources Defense Council New York State Department of

Environmental Conservation

Ogden Corporation

Ogden Projects, Inc.

**Prins Recycling Corporation** 

Republic Waste Industries, Inc. Resource Recycling Technologies, Inc.

Rollins Environmental Services, Inc.

Roy F. Weston, Inc.

Safety-Kleen Corp.

Sanifill, Inc.

Shanks & McEwan Group plc

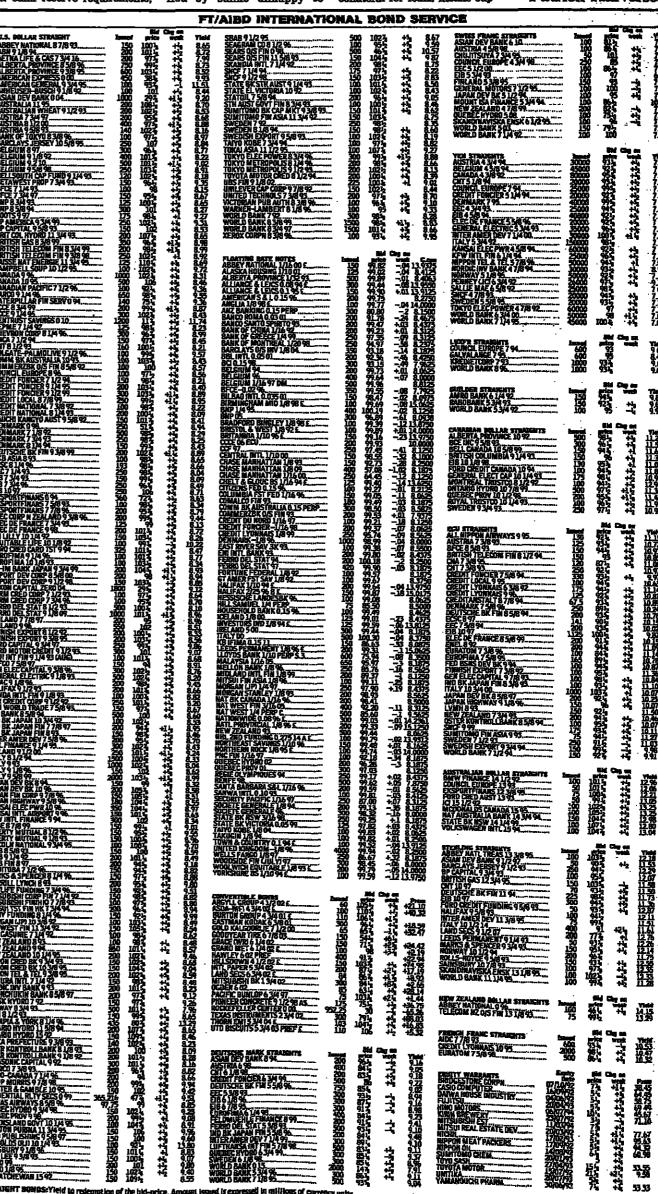
State of Alabama, Attorney General's Office

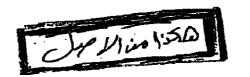
Waste Management, Inc.

Wellman, Inc.

Wheelabrator Technologies Inc.

MORGAN STANLEY & CO. **Incorporated** 





### INTERNATIONAL CAPITAL MARKETS

**NEW INTERNATIONAL BOND ISSUES** 

4,500

4.500 4.875

5,000

10.921 10.731

11.651

6.088

**VARIABLE RATE** NOTES

to the truly being

To the state of th

i di Giê

Patrick Hanera

# Bank falls foul of retreat by investors

BANCO Santander last week became the fifth large bank to see the interest rate margin on a variable rate note (VRN) issue hit a punitive fall-back margin as investors continue to retreat from a market which has provided banks with a use-

ful source of capital.

The \$400m VRN issue from
Santander was placed on the
fall-back margin of 75 basis
points over the London interbank offered rate on Wednesday. The deal was launched at a margin of 40 basis points in

July. Now \$1.8bn of the total NOW \$1.50H of the total \$7.80h variable rate notes in issue have been placed at fall back margins, rendering them highly illiquid in the hands of investors. Other issues affected are from National Westminster Bank, Bank of Ireland and National Augustic Bank National Australia Bank.

The interest margin on variable rate notes is set quarterly by the issuer and a remarket-ing agent, following consulta-tion with investors. At each reset, investors have the option of either accepting the new margin or putting the bonds back to the remarketing agent. Many investors have been

trying to exercise this put option to cut securities holdoption to cut securities hou-ings in their portfolios. How-ever, once the fall-back margin has been invoked, the investor put option is suspended.

Both strategies have been pursued in the US by issuers of auction-rate preferred shares. on which the interest rate is set by a similar process. Citi-corp first raised the interest rate cap to prevent a failed auction and then bought back \$275m of its \$950m outstanding auction rate capital.

However, under Bank of England capital adequacy regu-lations, any move to retire a dated variable rate note issue within the first five years of its life would lead to all variable rate notes from that issuer being disqualified as capital.

In the case of NatWest, this would remove \$1.7bn of Upper Tier II capital and \$1.25bn of Lower Tier II capital from its

Simon London

INTERNATIONAL BONDS

# Whitbread and Anglian Water provide some relief

THE long-dated sterling bond market showed signs of revival last week, when two sizeable offerings for Whitbread and Anglian Water provided a dose of liquidity. The market had been starved of paper for much of the year, as the lack of new issues was exacerbated by a series of requirement. series of repurchase pro-

grammes by borrowers.

Better times may be on the way. Borrowers are likely to be less eager to buy their paper back, as the credit squeeze in the banking market has taught some to value the security of

long-term fixed-rate debt.
And lower absolute rates may encourage more compa-nies to borrow. The recent strong performance of the long end of the UK gilts market has pushed down interest costs. Long gilt yields have fallen to around 10.2 per cent, their lowest since the start of the year.

US DOLLARS

Yokohama Rubber∳∳ Dalichi Chuo K'Kaisha∳∳

Dalichi Chub K Kaishad
Ohbayashi Corp#
Exp-Imp.Bk Japan
Michiai Co.
Nippon Syr.Chemical
Nippon Soda Co.
Towa Real Estate
Sanshin Electronics

Sanshin Electronics

Tokyu Dept.Store Cot Orico Amsterdam★★ Komatsu Ltdto Mitsubishi Molorso

Nippon Koshua Steel¢ Dowa Mining Co.¢ Asahl Chemical N'land ♦

CANADIAN DOLLARS

Ontario Hydro◆

Guinness Fin.8V◆

Swedish Export Credit(j) ◆ Ente Ferrovie d'Statu ◆

Tada Corp+◆
Gastec Service+◆
Central Leasing(e)★★↑◆

Snow Brand Foode Misawa Homes Co.

Deutsche Bk (Lux.)◆

Renault Credit Int.(c)4

Daito Trust Const.(b)\*\*\$♦ Lihit Ind.(a)\*\*\*♦

FRENCH FRANCS

STERLING

**ECUs** 

**D-MARKS** 

SNCF(g) ♦ CNT(p) ♦

SWISS FRANCS

Guinness Fin,BV♦

be rushing to borrow, even though many bankers are advising them that current gilt yields are close enough to their lows, given the uncertainties still likely to beset the market next year. Many are deter-mined to wait at least until the long gilt yield drops below 10 per cent, or more ambitiously until their all-in borrowing costs touch II per cent, considerably lower than the 11.70 per cent level achieved by Anglian

Water last week.
Even after last week's burst of activity, the long-dated ster-ling market is still short of paper, following a net reduction of stock this year. During 1990, half a dozen issues totalling just under £1bn emerged. But there have been redemptions of £1.4bn following controversial repurchase pro-

1996 1996

1996

1994 1995

1993 1997 2000

3.167

110

150

Coupan

tutions have been forced to invest disproportionately in gilts rather than non-gilts, although they were able to shift some funds into last week's new issues. Institutions were particularly pleased to be able to spread their risk, which was becoming concentrated in "[Whitbread and Anglian Water] are both good quality, and involved in industries generally considered to be recession-proof," one investor said. In addition, the £135m issue of 20-year bonds launched by Whitbread, the UK brewer, is

secured on the company's assets. Secured debentures, which give investors recourse to the companies' fixed assets, could become more common as a means of meeting investors' increasingly stringent credit demands. "There will be an

Daiwa Europe Nomura Int. IBJ Int. Yamakchi Int. Yamakchi Int.

Daiws Europe Nomura Int. DKB Int.

Nomura Int. Niidto Secs.

Yamalchi int

Merrill Lynch ScatiaMcLead Inc.

Banco Di Roma

Commerzbank Nomura Bk GmbH WestLB

Commerzbank Nomura Bk GmbH

Nomura Bk (Switz) BSI Bque.Paribas (Suisse)

CSFB

100 100

101.27 CSFB

100.38 ВТІ 99.98 Вал

101.05 97

BNP

increasing yield differential between secured and unsecured borrowings," predicts Mr Eddie O'Sullivan, a director of UBS Phillips & Drew. Companies could save 50 basis points or more by issuing secured rather than unsecured debt. Although the Anglian deal is not secured, "there is a guaran-

tee from the core business, so it is as close to security as you can get," Mr O'Sullivan adds.

"We have a continuing demand for high quality secured or unsecured non-gilt stock. In the current market, security is preferable," says Mr Chris Barley, an assistant director of Prudential Portfolio

Any company whose fixed assets can be easily sold off can issue secured debt. Brewers, property companies and investment trusts are typical candidates, but many compa-

Ajikawa Ironworks★★◆ Europaeische Hy'bank★★◆ Osaka Godo Co.★★◆

Ginza Yam'taya Co.(I)\*\*\$

Paltic Corp(h)★★§◆ Shinobu Foods(i)★★◆◆

Mitsubishi Motors Cora

Fujitsu Ltd♦ Minolta Europe Fin.BV★★◆

Mitsui Real Est.(k) ★★†◆

LUXEMBOURG FRANCS

Desimpel BV★★♦
Merrill Lynch Co.Inc.★★♦
Idema BV★★♦
Misubishi Bk Europe★★♦

Volvo Group Fin.★★♦
Cofiroute★★♦

Tractabel Inv.InLBV+++

Orix Ireland Fin.(f)†♦ Union Bk Finland♦

PESETAS

**ESCUDOS** 

BTI(m) ♦

nies have property which could be used as security. Mr Martin Packman, director of Baring Brothers, also notes

an increasing emphasis on strong covenants, including protection against event risk such as takeover and also gearing limits. Last week's two big borrowers may not be representative of the market as a whole. Whit-

bread was able to swap the proceeds of its issue into floatg-rate funds, an unusual feat in this sector. It also suggests companies are not yet ready to lock in fixed-rate funds at current levels.

Anglian, which launched £100m of 23-year Eurobonds, was the only water company to be privatised with net debt on expected to be among the first to issue debt. But the other companies may not be hot on

178.00 101.00 10

300

DKB (Schweiz) Bank Leu DKB (Schweiz)

UBS

10112 Banesto

101.40 Nikko Secs.

101.40 Nikko Secs. 101.12 Daiwa Europ 100 Nomura Int.

101.55 KBL

101 2 Daiwa Europe 101 27 Mitsui Trust Int.

1013 Is.Bancario S'Paolo

1003 Canca Ger.d Depositos

Darwa Europe

Wirtschafts & Privat Nomura Bk (Switz) Nomura Bk (Switz)

Anglian's heels, even though many awarded mandates at the start of the year.
Anglian's cost of funds was

around 11.70 per cent, higher than the targets of most other water companies. One treasury official said that in Januar last year his company could have borrowed at around 11% per cent, and, because of the sharply inverted yield curve, reinvested the funds for a year or so at a higher rate, further reducing its costs of funds. But yields rose, and if, in retro-spect. some of the companies may rue the day they missed that opportunity, they are

loath to pay more now. However, the water companies are still keen to access the long-dated market at some stage, as it provides a useful match for their long-life assets.

8.219

15.523

7.033

7.114

7.211

9.516

Chemical Bank leads financing of

SYNDICATED LOANS

AT&T bid THE LARGEST syndicated credit for some time was being assembled last week by Chemical Bank in New York to back a \$6.1bn hostile cash bid by AT&T for NCR. Chemical is committing.

\$600m itself to the \$6bn financing, on the proviso that there is no disruption to the finan-cial, banking or capital markets. The commitment fee and interest margin on the 364with the company's credit rating: the margin from ?. point to % point and the fees from 🐍 per cent to ¼ per cent.

Tracy Corrigan

Rating agencies have placed the ratings of AT&T under review following the bid.
Pirelli is raising \$200m over seven years through Union Bank of Switzerland and Banca Commerciale Italiana. Some

bankers considered as aggressive the commitment fee of % rising to i after five years, and the margin of 27% basis points for three years, 30 for two-years and 32% for the final

Cirinvest is raising \$150m in. a five-year term loan at an interest margin of 1/2 percentage point, through Citicorp. Nokia of Finland is arranging a \$100m five-year deal through Kansallis-Osake-Pankki and Union Bank of Finland, at a % point margin. Signed last week were a \$250m revolving credit for Bergesen, with a group of banks led by Deutsche, and a £55m refinancing for CE Heath of the UK through Lloyds.

Stephen Fidler

45.005.0 59.821.3 104.826.3 40,270.3 63,234.1 103.504.4

i				
	EUR TURN	OVER		
Primar	Market			
1	Straights	Conv	FRN	Deher
USS	147 1	<b>0</b> Q	540 Q	13,125.0
Prev	325.5	0.0	328.3	11,028.4
Other	2,298.1	ÓŌ	169.4	6.474.8
Prev	3,045.8	1.4	456.0	7,713.7
Seconda	ay Market			
USS	19,704.0	809.9	6,934 8	9.686.9
Prer	18.312.9	509.1	6,677.1	8 461.0
Quinter .	26,251.9	1,258.2	7,532.9	
Prev	26,717.9	1,176.5	8,893.0	55,500.1
l —	- 0	edel E	morlear	Tetal
USS			8.589.9	50.948.7
Prev	161		8 930 3	45 742 3

# **World International (Holdings) Limited**

200 20 20

(Incorporated in Hong Kong with limited liability)



# Interim Results for the Half-year Period Ended 30th September, 1990

- \* Group profit after tax and minority interests increased by 18.2% to HK\$454.4 million compared to the corresponding period last year. Earnings per share improved to 22.2 cents.
- \* An interim dividend of 6.0 cents per share has been declared, representing an increase of 20.0% over the interim dividend paid for the previous year.
- \* During the period, the Group restructured its holding of the "A" shares and "B" shares of Hongkong Realty and Trust Company, Limited ("Hongkong Realty"), listed in Hong Kong, resulting in the aggregate voting rights attached to the restructured holding falling below resulting in the aggregate voting rights attached to the restrictured holding failing below 50%. As a consequence, Hongkong Realty ceased to be a subsidiary in August 1990 and has instead become an associated company. Contributions from Hongkong Realty since then have therefore been equity accounted. While this has no impact on the consolidated profit after taxation and minority interests, as the Group's equity shareholding in Hongkong Realty has been maintained at about the same level, comparison of the period's turnover, operating profit and share of profits less losses of associated companies should be made in that context.
- \* Hongkong Realty and Trust Company, Limited reported growth in rental revenue in its portfolio of investment properties. All property projects, aggregating 2.1 million sq. ft. of gross floor area, are progressing in accordance with plan.
- \* The Wharf (Holdings) Limited reported an improvement of 19.0% in its overall recurrent results. Property projects under Wharf, aggregating 5.2 million sq. ft. of gross floor area, are underway and will on completion almost double the size of Wharf's portfolio. The three hotels in Hong Kong recorded a decline in revenue due mainly to intensified competition but that in Singapore reported a significant improvement. The franchise operations generally reported satisfactory
- \* Lane Crawford International Limited achieved a 14.0% growth in turnover. Profit margins were however eroded by higher operating costs, particularly rental and staff costs, resulting in a 15.5% decrease in unaudited consolidated results.
- \* Other subsidiaries, headed by Wheelock Marden and Company Limited, recorded satisfactory overall results but some of the trading operations were affected by unfavourable trading conditions, which are expected to persist in the foreseeable future.

Summary of Unaudited Consolidated Resu Six months ended 30th September	1990 HK\$ Million	1989 HK\$ Million
Turnover	1,171.5	1,416.6
Operating profit Share of profits less losses of associated companies	285.7 350.1	323.5 272.6
Profit before taxation Taxation	635.8 (52.8)	596.1 (50.0)
Profit after taxation Minority interests	583.0 (128.6)	546.1 (161.8)
Group profit attributable to Shareholders Interim dividend	454.4 (122.9)	384.3 (102.4)
Transferred to revenue reserve	331.5	281.9
Earnings per share	22.2 cents	18.8 cents
Interim dividend per share	6.0 cents	5.0 cents

# The Wharf (Holdings) Limited

(Incorporated in Hong Kong with limited liability)



### Interim Results for the Half Year Period Ended 30th September 1990

- \* The unaudited Group profit before extraordinary items amounted to HK\$691.4 million, an improvement of 19%.
- \* The Board has declared an interim dividend of 12.5 cents per share, an increase of 19% over the preceding year, payable on 28th January 1991 to shareholders on record as at 21st January
- \* Total rental income improved by 18% from the preceding year but new lettings and lease renewals are affected by a general over-supply of office space and residential properties.
- \* Development projects totalling 3.4 million square feet of gross floor area are progressing
- Achieved revenue in three Group hotels in Hong Kong was lower than last year resulting from an increase in hotel inventory and continuous competition among hotel operators. Omni Marco Polo Singapore continued to report higher profit in a more favourable business
- environment. \* Transport and terminal operations and investments achieved satisfactory results.
- \* Over the next 3 years, the Group aims to double its property investment portfolio from developments within its own landbank, and Group earnings should be enlarged substantially.
- \* The Wharf Group believes strongly in the Hong Kong/Guangdong partnership and that this will be a pivotal economic/commercial hub in Asia. This partnership will play an active role in the rapid development of regional trade.

Six months ended 30th September	1 <del>99</del> 0 HK\$ Million	1989 HK\$ Million
Turnover	1,721.0	1,569.0
Operating profit Share of profits less losses of associated	<b>768.5</b>	636.7
companies	50.4	56.2
Profit before taxation	818.9	692.9
Taxation	(85.6)	(64.9)
Profit after taxation	733.3	628.0
Minority interests	(41.9)	(46.9)
Profit before extraordinary items	691.4	581.1
Extraordinary items		10.9
Profit attributable to shareholders	691.4	592.0
Interim dividend	(240.4)	(201.7)
Profit for the period retained	451.0	390.3
Earnings per share	36.0 cents	30.8 cents
Interim dividend per share	12.5 cents	10.5 cents

Hong Kong, 7th December 1990

#### WORLD STOCK MARKETS

	WORLD STO	CK MARKETS
AUSTRIA FRANCE (continued) GERMANY (continued) ITALY (continued)  1990 Price High Law December 7 Sch High Law December 7 Frs. High Law December 7 Dm. High Low December 7		
5.430 2,100 Austrian Antines 2,970 935 657 Begins-Say 663 656 378.9 BMW 431.5 13,235 9,999 Sirti Spa 22,930 1,200 Crefitaritals 3,370 685 480 00. Certs 554 459 303 Bayur-Vertis 346 2,275 1,380 SA1 19,600 8,100 Jeoghurdtaner 8,800 683 367 Bourgans 465 155 155 Belerstort 760 3,025 1,350 Sata BPD 14,230 8,000 DMV 9,250 683 367 Fax 366 CFAQ 376 528 343 BMF-Bast 372 7,800 18,500 Tool Faxion 2,300 1,300 Perimoster 1,550 235 100 CMB Packaging 117.9 1,000 604 Brown Beyord 779 18,500 9,330 Unicem 18.500 9,330	1,342 284 160. Mb-Lant Birnel 185 1,545 850 463 Asaz B (Free) 540 1,878 560 357 Asaz A (Free) 505 20,310 600 373 Asaz B (Free) 510	Sales Stock High Low Close Clarg Sales TORONTO
3.400 1.460 Reininghaus 1.825 3.780 3.055 Carefour 3.498 95 Categor Services 1.249 NETHERLANDS 250 115 Sterr-Damifer 1.69 109 Casino 1.40 336 1.205 Comparabat 247 5 1.510 Casino 1.40 336 1.205 Comparabat 247 5 1.990 1.400	10,400 311 124 Element 8 (Free) 166 233 136 Ertema 8 (Free) 202 235 100 Exerte 8 (Free) 120 173 115 Gambro B Free 140 173 340 152 86 04 90 B Free 200	Closing prices December 7  Custations in conts unless marked 3  2324 Addition Pr 512%, 12½ 12½ 1½  5730d Agrico E 86½ 8 8 1½  10120 Abbrits En 518½ 1½ 1½ 1½ 1½ 1½  4
1,813 913   Diments Pr   1,079   955   Dalimies-Beht   611   75   30   ASF Andrey App   128.5 Decket (Fr.)   154.5   42.5   30   ASF Andrey App   128.5 Decket (Fr.)   154.5   42.5   30   ASF Andrey App   132.6   103.9 AEGON   132.6   103.9	31.60 188 118 Prompts 6 first _ 155 33.50 288 125 Stab-Scada B Free . 142 109.50 356 185 Stab-Milk B (Free) 230 137.30 228 125 Skandal & (Free) 127	2000 Alberta N 513 12% 13 + 4 A07 200673 Alban 523 22% 22% - 5 1100 Alpa Cent 50% 50 50 50 + 4 M2 H7900 A Barrick 522 12% 22% - 4 4 400 Abo (1 51 12% 10% - 3
5370 2 230 ACCC Union Min. 2 475 1.420 822 Cref Forcier Fr. 915 929.5 150.2 Dielter-Werker	48.90   184   67.5   SKF B Free 87 170.50   377   185   Stora Koop B Free   232 75.00   130   69.5   SCA B (Free) 95 46.70   95   87   Svka Hadi B Fr 95 85.50   190   94   Treitborg 8 Fr 114	24321 BCE inc \$405; 40 40 40 4 4 1 1 1 1 1 1 1 1 1 1 1 1 1
2.470 1.188 Barro 1.290 643 360 Boliffess-Mileg 370 750 472 Goldschmidt (TID 709 126.4 76.7 DSM 1.650 7.460 Betaert 7.990 2.750 1.992 Eaux (Ce Gerl) 2.282 232 163 Hamburg Eleixt 187 161,1 1195 Bordsche Peridem 9.000 5.550 Ciment GBR 5.930 620 290 Ecou 325 518 328 Hamburg Eleixt 187 161,1 1195 Bordsche Peridem 9.000 5.550 Ciment GBR 5.930 365 295 Ein Aguitalise 307 1693.8 328 Hamburg Linys 325 70.3 Elsevier De Rets 5.990 4.630 Cobepa 4.950 365 295 Ein Aguitalise 307 1693.8 511 Heritel Pref. 536 1104.8 78 Gamma		3C403 9s. Mond 5284, 28% 28% 28% 5 \$5084 8s NScot 52% 12% 12% 105 Baton 58 6 5 2600 Baton 58 6 5 2600 Baton 58 7 5 5 5 200 Baton 58 7 5 5 5 5
214 132 Cockeriii 151 1400 900 Eeeds-Bertand 928 396 212.8 Heritzi 383 1342 102 ees ortostati 2,975 6,920 5,000 Delhaize 5,960 25,15 1,351 Eter 1,480 319 177 Nocchet 1,265 1342 102 Herbaten 1,265 4,950 25,000 Delhaize 5,960 25,15 1,351 Eter 1,480 319 177 Nocchet 1,265 1342 102 Herbaten 1,265 4,950 1,561 Eter 1,480 371 199 Nocche 215,5 189,9 49 Hoogsten 1,468 371 199 Nocche 215,5 189,9 49 Hoogsten 1,265 4,950 1,561 Errocom 700 1,779 1,057 Nochet 1,279 111.5 56 Heater Douglas 7,290 5,900 Electrophus 4,365 1,225 6,37 Eurocom 700 1,779 1,057 Nocheman (P) 1,279 111.5 56 Heater Douglas 1,570 1,057 Nocheman (P) 1,579 111.5 56 Heater Douglas 1,579 1,057 Nocheman (P) 1,579	132.20 276.0 85.0 De. Peg. Certs 85 155.00 1.590 858 Alexakor Leaza 965 95.70 133 69 De. Peg. Certs 77 63.00 2.560 1.735 Baloise Hid Pts. 2.160 53.00 4.310 3.400 8ctom Rev (Rs) 4.290	9656 Son Vally \$14%, 142% 142% 142% 143% 143% 143% 143% 143% 143% 143% 143
544 56 Fabrique N.M. 65 4,920 2,930 Euromarche 3,065 327 231 Indostrietredit. 246 106.5 57.9 lpt Meeller — 1,476 1,082 615 Group 1,106 2,029 1,231 Euro 1,345 495 258 Institutie Warrier 315 50 2 18.9 RLM 144 495 258 Institutie Warrier 315 50 2 18.9 RLM 144 495 258 Institutie Warrier 315 50 2 18.9 RLM 125 123 Finestel 144 495 258 125 125 125 125 125 125 125 125 125 125	-80.00   1.200 663   De Pig	10056 Braceco \$17 16 17 1 2500 Braceco \$17 16 17 1 1 2500 Braceco \$17 17 17 1 1 2500 Braceco \$10 17 10 10 10 10 10 10 10 10 10 10 10 10 10
930 602 Do AFV 656 1,126 802 Gamont (Soc N) 957 258.5 114 Kloecker Werke 133 107.8 36.5 Redfleyd		8500 Camp Soup \$21\tilde{1} 21 21\tilde{1} \tilde{1} 1 1288 Campless i 60 55 60+ 3 17 1712 C Nor West 1/02 65 66+ 2 18 1712 C Pockers 310 67 97 17 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
4.625 3 140 Kredicthank 3,215 8.60 140 Immobanque 699 145 315 MAN	2.300 1,400 Jesmoll 1,570 31.20 455 270 Do, Ptg, Certs 320 49.10 1,575 925 Lasdis and Gyr 1,070 49.10 147 83 Do Priotity Ptg 9 82.20 3,386 1,050 Les Hidgs (By) 1,190 60.10 415 175 Do, Ptg 190	348465 Cl Bit Com \$285; 285; 285; 387; 1400 C Matrona \$385; 85; 95; 15; 17011 C Occional \$185; 135; 135; 14 3 190 CP Formet \$281; 281; 281; 281; 281; 281; 281; 281;
3.505 1.873 Soc Gen Belge 1, 945 491 314 Latange Cappee 3.94-1.3 (74.5 4.82 Metallegeeti 4.94) 8 1-95 1-95 1-95 1-95 1-95 1-95 1-95 1-95	197.00 440 396 Milram (Reg) 460 44.50 1,845 1,305 Metur-Colombes 1,400 88.50 9,240 6,940 Nestle	8585 CINE A1 319-1 18-3 18-3 18-3 18-1 18-1 18-1 18-1 18
9.740 6 710 Tracted: 8,090 130.8 68.2 Maisson Pecalx 130 3.180 1,960 Releaseletra 2,620 75.00 16 875 UCB 19 100 639 450.2 Merita-Seris 475 415 280 Do. Pret 354.5 165 2,065 Userg 2390 1,483 00 aPv 1 7,625 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 150 176.8 8 Michelia B 74.4 460 294 Released Berl 305 176 Descender 7 176.2 176 176 176 176 176 176 176 176 176 176	107 AA   122 THU 0.24U 360002 \DII 7.24U	Septe Care
11 400 5,630 Do AFV 5 650 206 116 Nord Est 135 5 322 5 168 Schmalbach-Lub 308 8 184 78 Kristals & Free 630 154 130 5 154 154 154 154 154 154 154 154 154 1	82.00 2.570 1.540 0c. Pr.Cis 1.850 1.850 48.00 1.750 4.500 Schtratter (8rt 4.800 115.00 1.425 770 0c. (Pr.Cis) 830 115.00 1.020 700 Sitz 775 135.00 8.425 5.062 Smelliang (8rt 4.60 150.00 15	1500 G Guer Tre 505 g 65 g 65 g 200 Charan 5 6 5 5 100 Chilpf B f \$195 g 195 g
1.01.5 701 Bultica Hidgs 890 1.346 909 Persod Ricard 1.033 256.5 198.8 V.E.W. 209.5 56 30 Norst Data A 1375 1.200 Cartsberg 1.336 6 1.946 909 809 Dunisco 885 919 479.1 Peugest S.A. 565 444 311 Vilag 346 185 186 Norsk Hydro 336 187 Peugest S.A. 565 444 311 Vilag 346 187 Peugest S.A. 565 444 312 Vilag 346 187 Peugest S.A. 565 444 318 Peug	42.00 294 219 Do Ptg	NEW YORK
955.2 680 GN Great Nordic 750   2,280   1,750 Prostodes	115.0 151 103 bo. Pig 114 120.00 814 574 bo. Pig 3,900 80.00 124 574 bo. Pig 734 2,450 3,470 2,mich lis 4,120 2,360 1,600 bo. Pig 1,890	DOW JONES Dec. Dec. Dec. Dec. 7 6 5 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
590         400         NKT A/S         420         369         536         SILIC         625         High Low December 7         Lire         High Law December 7           340         277         Rown Riverlak         339         1,00         1,248         Sepen         1,230         1,241         5,949         3,941         Banca Com*ie         4,447         3,895         2,415         Banca Rillaw Viz           1,300         1,018         Sophus Beredsen         1,270         326.5         St.Gobalas         4,18         9,510         5,949         3,941         Banca Rar Agric         6,050         3,100         3,995         2,415         Banca Con*ie         4,000         3,100         3,060         Banca Con*ie         3,430         3,060         Banca Con*ie	3,420 18.75 11 AFC 12.5	Rome Bonds   90.92   90.87   90.87   90.86   17   17   17   17   17   17   17   1
1,380   991   Seb SA   1,279   5,790   7,250   8   10,000   6,800   8   10,000   6,800   8   10,000   6,800   8   10,000   6,800   8   10,000   6,800   8   10,000   6,800   8   10,000   6,800   8   10,000   6,800   8   10,000	9,210 100 70 Anglo Am Corp. 96 4,780 147.75 89.5 Anglo Am Corp. 96 3,895 412 229 Anglo Am Gold 235 3,900 54.5 29.75 Barriow Rand, 37 6,500 172.25 46.5 Buffets	STANDARD AND POOR'S Composite: 327.75 329.07 329.92 326.35 3
165   50 Amer   68   672   3845 Sommer-Aillibert   1.776x   3   3.039   2.080 Gred'no Italiano   2.315   8.910   3.545 Corp. Intapire   3945   32 3 Cartor   38   498.4   260.3 Suzz (Fin del   317.5   12.930 ZOSO Daniel   7.491   3.091   2.073 Degados	4,300   107   50   De Beers(Carles Y : 69.5   2,545   21   8   Deelbraal Gold 8.1   2,570   57.75   35.5   Driefontele 35.5   3,200   19.75   6.5   East Rand Gold 7.15   2,225   40.5   20.25   Elondarand Gold 25	Industrials 383.70 394.86 385.33 381.93 4 Financial 23.41 23.09 24.27 23.14  WYSE Composite 179.07 179.71 180.11 178.19 2
712 470 Karie 477 715 436 UAF 560 7,820 3,931 Do. Priv. 4,813 1,841 595 Extres 125 50 Kymmene 59 484 185 UFB Locaball 206 8,478 5,445 Fids 6,338 8,250 3,030 Sep Carbones Mt 130 47 Notica Pref Free 56 949 729 Uniball 760 64,160 37,100 Fondiana 39,530 1,550 790 Esp Acam Tudor 525 Uaine intrope Fr 620 2,475 1,521 Gernina 1,700 5,100 3,000 Fasa Resumt 21 Rauma-Repola 23 846 293 Valvo 385 48,899 27,530 Gernina 3,1010 590 440 Fosa	617s	Amer Mix. Value 306.45 306.35 305.41 302.64 3 MASDAQ Composite 371.54 372.29 370.87 364.12
32 18 UBF C 19.5 19.5 19.5 10.00 4.600 (Izaciale 6.6.800 732 540 liberbaseo 1.1.000 (Izaciale	435 46.75 29.25 Kloof Gold 29.25 666 11 2.1 Libanon Gold 2.1 3,000 22.5 12.25 Micor	Nov.30         Nov 23           Dow Industrial Div. Yield         4.01         4.06           Dec. 5         Nov.28
1990   Prize   336.5   200 5 AEE   225   22.500   12.350   Mediobarca   14.200   2.725   2.010   Report   1.000   1.	2,110 15.75 12.2 Rembrandt 14.75 296 92 56 Rost Plat 59 596 50 30 Salvarine & Ren. 43 508 10.55 6.25 Sage Holdings 6 95 3 725 41 26 5 Smith GOT fee: 3 25	\$ & P techstrial div. yield 3.31 3.42 \$ & P ledi. P/E ratio 15.89 15.37 NEW YORK ACTIVE STOCKS TRA
3.180 1.540 Arjoman-Priotr 1.735 485 629 Aste Deutsche K 967 1.215 810 Aneillare d'Ent. 1.159 843 520 Do. Pri 800 453 BIC 535 324 184 BASF 223.5 18.92 1.053 SIP 1.189 11.300 4.900 Union Elec-Fen. 894 688 BSN 771 273 205 Baderwerk 230 11.741 7.030 Saffa A 7.300 3.670 1.485 Uralita 665 323 Banalre Ce 476 5 334 5 195 3 Bayer 232 2.35 18.95 17.91 2.205 2.205 2.205 1.359 Uriks Ser 2 3.39 216.9 BMP (Cert.inv 1 269.5 462.5 292 8 Bayer-Hypo 318.5 8.465 5,500 SASIB 6,720 3.820 1.890 Vallehermoso	6,620   30   20.25 Tiger Gets 28.5   1,755   20.25   12.5   Tongazt Halett 13.5   1.530   451   200   Vaal Reefs 200	Stocks   Closing Change   11
High Law December 7 Yen High Low December 7 Yen High Low December 7 Yen High Low December 7	AUSTRALIA (continued) Price 1990 Price High Low December 7 Austs	IBM         1,907,900         112 ½         + ½         Issues           Uptoin         1,839,900         39 ½         + ½         Rises           IICR         1,765,100         91 ½         - 1         Falls           AMI T & T         1,742,700         29 ½         - ½         Unchar           Famile Mae         1,665,800         33 ½         + ½         Meer H
1 200 6:00 Alfebano Bruke 664 3.030 1,850 Japan Radio 2.330 1,050 500 Hilipata Eng 566 2,800 1,650 Takino Pirarm 2,100 1,010 Alm Nippon Air 1,300 1,150 476 Japan Sucel Wis 545 1,880 747 Hilka Sec 90 984 398 Talyo Fishery 2,230 1,030 Amada 1,150 1,350 592 Japan Symin Riv 650 18,400 8,100 Rippon Cred Brik 9,000 1,140 565 Talzaoka Elect 2,230 1,030 Amada 1,150 1,480 560 Japan Symin Riv 650 18,400 8,100 Rippon Cred Brik 9,000 1,120 298 Talzara Shurzo 2,250 1,610 Amasan 1,830 3,240 1,130 Japan Wood 1,1400 1,400 1,400 470 Nippon Denko 645 4,000 2,000 Takashimaya	709 2.95 1.66 Metal Manuf, 1.76 2.230 1 0.39 Minproc Hidgs 0.39	Ges Motors 1,642,900 36½ - \$ New U Ges Electric 1,613,000 57½
2 9-00 1 280 Anritsu 1,620 3,030 1,180 Justo 1,430 3,830 1,320 Nippon Elect Gi 1,470 1,770 855 Tarabe Salyaku 1,450 615 Aohi Cora 840 1,940 1,360 Kayame 1,390 1,780 560 Nippon Elect Gi 1,470 1,770 855 Tarabe Salyaku 1,440 1,780 615 Ashi Broweries 1,210 1,230 Kajima 1,1500 1,150 498 Nippon From 800 1,840 907 Teiskoku Oli 1,440 1,150 498 Nippon From 800 1,440 907 Teiskoku Oli 1,440 907 Peiskoku Oli 1,440 907 Pei	910 1.28 0.83 Newmont Asst. 0.86 536 14.85 4.39 News Corp	TORONTO Dec. Dec. Dec. Dec. Dec. Dec. Dec. Dec.
1,150 552 Kanepatresh Chm 710 1,010 415 Asks Corp 465 1,417 772 Atsugl Nylon 960s: 1,360 550 Kanesatsu Corps 422 1,417 772 Atsugl Nylon 960s: 1,500 530 Kanesatsu Corps 422 1,700 750 Barya Pharm 1,010 1,500 530 Kanesa Beet Power 3,040 1,700 750 Rays Pharm 1,010 1,500 530 Kanesa Paint 680 1,370 600 Rigon Rain 9865 4,030 1,760 Tohoku Electric 680 1,370 600 Rigon Paint 679 2,280 1,070 Tokal Bank	736 2.66 1.66 Promeer Intl 1.97 927 3.85 2.58 Placer Pacific 3.25 26,700 3.12 1.4 Postidon 1.75 2500 1.5 1.2 OCT Pasterness 1.20	MONTREAL Porticils 1727.70 1732.41 1725.74 1699.  Base values of all indices are 100 except NYSE All Common formation Composite and Metals—1000. Toronto Indices is 83.1 Excepting bonds. I industrial, plus Utilities, Financia
b 800 3 550 CSK Corp 4,140 1,150 391 K-macaki K/sen 483 1,390 675 Hippon Selso 744 2,130 945 7610 Marine 1,770 850 Catlos Food 901 1,800 650 K-min Etec Exp 821 1,390 900 Mippon Selso 744 2,130 945 7610 Marine 1,390 510 Calvonic Corp. 602 1,800 650 K-min Etec Exp 821 1,200 525 Nippon Selso 1,160 1,090 475 Toluyarna Soda 1,290 500 Catlos Food 1,290 500 Mippon Selso 787 891 Tokyo Beastly 1,290 1,220 Catlos 1,290 1,220 Catlos 787 3,320 1,930 Tokyo B Eastly 787 3,320 1,930 Tokyo B Eastly 1,290 1,220 Catlos 787 3,320 1,930 Tokyo B Eastly 1,290 1,220 Catlos 787 3,320 1,930 Tokyo B Eastly 1,290 1,220 Catlos 787 3,320 1,930 Tokyo B Eastly 787 3,320 1,930 Tokyo B Eastly 1,290 1,220 Catlos 787 3,320 1,930 Tokyo B Eastly 787 3,320 1,930 Tokyo B Eastly 1,290 1,220	606   2.73   2.13   SA Brewing 2.48   1,460   5.24   4.06   Santos	Unavailable.
1.000 450 CENTAL PLANCE 541 2 040 1.280 Kirin Brewery 1.520 1.330 660 Mippon Stainless 755 1.410 497 1050 680 Mippon Stainless 755 1.410 680 Mippon Stainless 755 1.410 680 Mippon Stainless 755 1.410 Mip	306   6.80 4.86 Western Mainlang 4.15	<del>-</del>
4 970 2 000 Chulta Elect Pur 3,000   5,110 2,800 Kokuyo 3,250   1,200 480 Nipson Yusen 552 2,650 1,000 Tokyu Corp 2150 995 Chugai Pharm 1,130   1,300 910 Komates 972   1,200 480 Nipson Yusen 552 2,650 1,000 Tokyu Land 390 1 7-40 Ovojote El Poner 2,00 1,250 7-95 Kosketa 31 1,500 738 Nishamasa Core 1,230 2,230 1,040 Tokyu Land 1,200 1,200 7,25 Citizen Watch 898   4,750 2,500 Korakuet 3,120 1,250 738 Nishamasa Core 1,230 2,230 1,040 Tokyu Land 2,200 1,200 Tokyu Land 2,200 Tokyu Land 2,2	1.390	
1.250 494 Dardo Steef 581 1,430 600 Kumlai Dentical 622 1,450 Mysbin Floor 1.120 Dard 1 490 1,430 600 Kumlai Dentical 622 1,450 898 Mysbin Oil 100 1,40 770 Totaba Machiney 8 1,430 1,500 1,500 Dalbibu 2,470 1,600 550 Kumlai Berk 840 1,600 898 Mysbin Doil 1.100 1,400 770 Totaba Machiney 8 1,430 1,600 Dark Min Bank 1 860 1,240 Sept. 1,120 1,200 1,200 1,200 1,400 Totaba Machiney 8 1,430 1,43	1,520 3.67 2.45 Amory Props 3.67 350 15 12 7 Bank East Asia 13.60 12,700 10.6 6.8 Catkey Pacific 7.65 323 14.3 9.4 Cheung Kong 13.50 1500 1500 1500 1500 1500 1500 1500 1	Kydase Arbid Sursko MKK
1.770 811 Dalmaru 880 9,220 5.300 Kyotera 5.730 96, 815third 950 971 972 973 974 975 11,000 18 972 975 975 975 975 975 975 975 975 975 975	550 10.8 7.8 Dairy Farm Intl. 10.50 1.050 2.05 1.17 Dao Heng Hidgs 1.46 – 1.50 4.1 2.52 Everyo 2.95 1.500 6.35 3.48 Hang Lang 5.70 1.500 23.8 16.5 Hang Song Bank 23 80	
1.555 545 Day Tokro F&M 855   1.760 1.000 Bhbarashi-Gumit 1.120 1.300 611 Tappalinoto Clm 7   2.770 1.630 Dawas Bant 1.200 2.510 1.130 Long Term Cred 1.250   2.350 895 Dawas Sec 1.130   2.230 895 Dawas Sec 1.130 2.230 1.770 Masch Corp 1.760 1.930 1.230 0.000 Bhbarashi 1.310   1.850 545   1.300 611 Tappalinoto Clm 7   1.450 545 0.01 Electric 660   1.450 545 0.01 El	9.4 e.b. Harbour Cestre 7.20 729 2.5 1.69 Henderson lev 2.02 1.15 8.95 b.05 Henderson Land . 8.70 8.70 12.8 8.9 HK Chitas 10.40 170 10.2 7.5 HK Electric 10.20	
1550 490 Dena Munnig 595   1,300 Mainta bett w L 430   3,670 L 600 Gairon Corp.   1,770   3,060 1,350 Victor CVC	9.3 7.1 HK Cand	
3 e10 1 640 Full Bank 2 200   2 920 1,480 Matsonitz Roto 1,700   500 Full Electric 765 1,870 960 Matsonitz Roto 1,050 1,420 592 Penta Ocean Con 879   3,500 2,500 Penta Ocean Con 879   3,500	2.790 1.44 1.06 Hysan Der 1.20 500 11.9 7.15 Indust Equity P 7.25 590 465 2.7 Jardine Int Mitr. 2.95 1.40 37.25 2.9 Jardine Math 31.75	WORI
2.300 1 :700 Furistana 1 :000   1,610 2.200 Miseri Goz Osia 2,630 3,270 1,750 Royal Co	79 6.3 4.25 Mandarin Griest 4,92 1.40 12.7 7.85 New World Dev 8.15 90 7.8 5.75 Resity Dev A 7.95 60 16 12.2 STHK Props 15.20 3.80 5.05 3.92 Stare Brist 3.80 5.05 3.92 Stare Brist 3.80 5.05 3.90 2.7 118	
1.930 830 Gen Seltyn 970 2.470 1.050 M highl Estate 1.320 2.700 1.250 Saarto 4,350 4.050 4.050 Saarto 4,350 4.050 4.050 Saarto 4,350 4.05	<sup>20</sup> 4.55 2.5 Sime Darby 3.65	
1 403 575 Narhyu Corp 660 1,700 640 M Schil OII 809 7,700 3,780 Secon 4,716 High Law December 7 Au 1,500 440 Rarshin ERail 530 1,300 555 M Shish Paper 630 7,700 3,100 Sebe Ballway 3,460 1 1,480 615 M Schil Petrice 810 2,660 1,620 Setes Traceport 2,180 1 1,00 Sebe 1,480 615 M Schil Petrice 810 2,660 1,520 Setes Traceport 2,180 1,120 3,00 Sebe 1,120 Sebe 1,	8.05 5.7 Wing to Co	
7.460 4 BBO Ren'te Electric 4.970 2.300 1 000 Birtiski Warelse 1.460 1.300 490 Settsu 776 6 462 Ameets 2.2 1.260 849 Arcsimul Burki 930 1.690 768 Milesia Ca. 721 1.710 1.030 Httachi 1.140 1.300 610 Mitsai Ca. 721 1.300 61	98. 1970 Price   1970	
2,420 1120 Hillseth Robi	37 10.7 5.3 Malayar Bankey . 5.85 1.00 1.05 1.34 1.65 Malayar Dtd Ind . 1.81 55 1.82 0.92 Malty Paysoc 1.10 2.4 1.26 Public Bank 1.36 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.6 1.49 1.49 1.49 1.49 1.49 1.49 1.49 1.49	
4.100 1.750 Hot halde Elect. 2.530 1.000 Mitcal To 8.88g. 1.320 1.230 665 Strong Alattherism 760 1.515 1.000 Mitcal To 8.88g. 1.320 1.230 665 Strong Alattherism 760 1.515 1.21 Brambies Inst. 14 1.000 1.790 Metal Warehee, 977 1.090 400 Strong Clerko . 449 1.515 1.21 Brambies Inst. 14 1.000 1.790 Metal Warehee, 977 1.090 400 Strong Clerko . 449 1.515 1.21 Brambies Inst. 14 1.000 1.790 Metal Warehee, 977 1.090 400 Strong Clerko . 449 1.515 1.21 Brambies Inst. 14 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Metal Warehee, 977 1.000 1.000 Strong Clerk Wire . 679 1.000 Strong Strong Clerk Wire . 679 1.000 Strong	155   SINGAPORE   1990   Price   1990   High Law December 7   \$\$	
3,430 2,000 Heys	78 13.9 8.5 DBS	
6 520 2 100 lord Bank Japan 3 030 1,730 980 NGK Institutes 1,130 925 390 Seminore Chem 470 445 3.69 Completo 3 1 300 500 Seel & Co. 558 1,730 780 NGK Seark Plug 880 1,730 957 Seminore Chem 470 1,050 2,50 2,50 2,50 2,50 2,50 2,50 2,50	80   13.4 6.6 QCBC B.25	1

Sales   Stock   Right Low Cleare Clear   Sales   Sal			Sales Stock High Low Close Class	Sales Stock High Link Glass-Chap
7788 C Express   33 NB   38 38 38 38 38 38 38 38 38 38 38 38 38	Closing prices December 7  Cuotations in conts unless merhad 3 234 Abital Fr 5124 122 122 14 57300 Aprice F 5184 184 184 184 18 280673 Abrits En 5184 184 184 184 18 280673 Abrits En 5184 184 184 18 19 280673 Abrits En 5184 184 184 184 184 184 184 184 184 184	2000 Citneplex 265 265 5 5 7500 Ce Sheel 1 3165, 151, 151, 151, 14 1, 700 TUC Bar 2 510 1, 101, 101, 101, 101, 101, 101, 10	15590 Laborit   322½ 21½ 22 - 5   20590 Laborit   332½ 21½ 22 - 5   20590 Laborit   332½ 21½ 22 - 5   20590 Laborit   334½ 31½ 13½ - 5   20590 Laborit   9   513½ 13½ 13½ - 5   20590 Laborit   9   52½ 21½ 22 ½ - 5   20590 Laborit   9   52½ 21½ 22 ½ - 5   20590 Laborit   9   52½ 21½ 22 ½ - 5   20590 Laborit   9   515   15   55   515   15   55   5	2000 Scatta 1 514 161 161 161 161 161 161 161 161 161 1
2000 Chursin 5 5 5 5 200 Kerr Add \$15 15 15 221855 Scripte 370 360 365 5 300 Videotroe \$11 1 11 11 1 1 1 1 1 1 1 1 1 1 1 1 1	TODO CS   Pebe   256   285   285   10	2500 cd. Group 221 20 ½ 21 + ½ 2500 cd. Group 321 21 + ½ 2500 cd. Group 321 22 ± ½ 2500 cd. Group 321 22 ± ½ 2500 cd. Group 321 23 ½ 3½ 3½ 2500 cd. Group 325 270 270 251 group 0 511½ 11½ 11½ 1½ 251 group 0 511½ 11½ 11½ 251 group 0 511½ 11½ 11½ 251 11½ 11½ 251 11½ 11½ 11½ 251 11½ 11½ 251 11½ 11½ 251 11½ 11½ 251 11½ 11½ 251 11½ 25	24000 Pegesus \$12\frac{7}{2}\$ 12\frac{7}{4}\$ 12\fra	Closing prices December ?  153 Sembrds 215 \$ 15 \$ 15 \$ 15 \$ 15 \$ 15 \$ 15 \$ 15
	1500 C Guer Tro 58%; 6½; 6½; 2000 Charsa 5 5 5	7 ivaco B \$7 <sup>1</sup> 2 7 <sup>1</sup> 2 7 <sup>1</sup> 2 2100 Jarmock \$13 <sup>1</sup> 4 13 <sup>1</sup> 4 13 <sup>1</sup> 4 200 Kerr Add \$15 15 15	2156 Sestor \$13 124 12 221885 Sceptre \$10 360 365 5	\$300 Videotrop \$11% 11% 11% 14 Total Sales 6.512.477 shares

CANADA

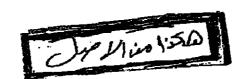
					_			INT	DICES				,		
NEW YOR	<u> </u>									Dec.	Dec.	Dec.	Dec.	1 7	990
DOW JONE	-	Dec.	Dec.	Dec.		1990	. Sinne o	nottsligmo		7	6	5	4	HIGH	LOW.
	7	6	5	4	HIGH		HIGH	LOW	AUSTRALIA						1 40-4 4 33-3
ėlodustriais	_	2602.4				5 2365.10		41.22	VI Musick CT/1909	1335 6 621.0	1323.3 619.0	950 g	1317 0 6183	1713.7 (12/1) 840.8 (5/1)	1291 2 COND 614.9 COVID
Home Bonds	90.92	90.87	90,87	90.86	93.04 (3/1)	88.44 (24/9)	-	_	AUSTRIA Credit Airles (39/12/84)	478,98	467 17	461.02	457.60	703.29 (19/3)	400 97 (25/9
Transport	909.67	913.79	903,67	881.84	1272.7	7 <u>821.93</u> 0.7/10)	1532.01	12.32 847330	Brench SE (Cash Mich CUT)(8)	B 5131.33	5069.91	5041.55	5849 03	6599.43 (1293)	4159.99 (25/7)
litikis	210.07	21L27	212.71	212.71			5(9)89) 236,23 (2(1)90)	10.50 (8)4/32)	DEMMARK Copyrigged SE CV/1/839	324,89	323.61	322.27	325.14	398.29 (28/7)	322.27 G/12
				<b>≜</b> Da	r's High 26	18,07 (2656.	44) Low 2571	.78 (2589.36)	FINLAND						
STANDARD	AND	POOI	3'S						Unites General (1975)	413.8	선	4140	415.6	673(24))	390.9 (24)1B
Composite ‡	327.75	329.07		325.35	(1,6/7)		368.95 CLU7/900	4.40 CJ/6/32) 3.62	CAC General (31/12/82) CAC 48 (31/12/87)	447.01 1690.71	442.75 2693.52	438.06 1660.44	433 00 1646.53	564.62 (38/5) 2329.32 (20/4)	430.18 (25/9) 1485.39 (25/9)
ndustrials	283.70	384.86	385.33	381.93	437.37	346.86 (11/10)	437.37	3.62 (21/6/32)	CIERMANY						
bandal	23.41	23.09	24.27	23.14	31.87 (3/1)	18.80	35.24 (9/10/89)	8.64 0.720749	FAZ Airles (31/12/5/9 Commentant (1/12/5/9 DAX (36/12/67)	649,47 1846,6 1512 84	643.00 1827.8 1504.67	1793,0 1793,0 631,35	625.06 1774.8 1496.34	832.32 (19/7) 2414.0 (3/4) 1968.55 (30/3)	369 69 (2019) 1626 7 (2019) 1334 89 (2019)
TYSE Composite	179,07	179.71	130.11	178.19	201.13	162.20	201 13	4.46	HONG KONG	SHEET	<u>Danes</u>	2919.76	27427	1 100 13 CM3/	DATE: WELL
laner Mikt. Value	306.45	306.35	305.41	302.64			016/7/905 397.03	(25/4/42) 29.51	Hang Seeg Bank (31/7)640 TRELAND	3143.69	3126.79	3066.23	3020,84	3559 89 (23/7)	2738,24 (1/2)
(ASDAQ Cumposite	371.54	372.29	370 87	364.12	(5/I) 469.60	325.44	Q0/10/89 485.73	(9/12/72) 54.87	ISEQ Overall (4/1,/96)	1219,60	1211.41	1199.66	1199,57	1893.10 (22/1)	1293.66 (5/12)
					aetu	(16/10)	19/10/69	פרופועט	TEALY Banca Com. Ital. (1972)	545,03	538.18	-527.71	521.22	763.52 (1446)	500.67 (2971)
		No	w.30	Nov	23	Nov.16	уваг адо	(approx.)	JAPAN Kinda (16/5/49)	23522.49	<b>22553</b> 10	92103.72	21862.61	38712.88 (471)	20221.86 (1/18)
ow Industrial Div. 1	fleid		.01	4,0	<del></del> -	4.01	3.0	7	Tokyo SE (Tephr) (4/1/68)	1740.34	1667.80	1639.13	1622.65	2867.70 (4(1)	1523 43 (1/10)
	_	De	c. 5	Nov.	28	Nov.21	year ago	(approx.)	2nd Section (4/1/60)	2835.84	2767.39	경단모	2860,93	4477.16 (1677)	2763.32 (5/12)
& P ledestrial div.			31	3.4		3.44	2.9	<del>· · · · ·</del>	MALAYSIA KLSE Composite (474/86)	(c)	490.58	400.63	470.72	632.22 (1/6)	459 08 (25/79)
& P ladi. P/E rati			5.89	15.3	37	15.29	14.5	B2	HETHERLANDS	****			A	· ·	
NEW YORK	ACTIV	ESTO	OCKS	-	TRADI	NG ACT	VITY		CRS TH Riv Gen (End 1983) CRS All Shr (End 1983)	230,9 169,2	231 6 149,8	230.4 168.9	230.5 168.9	271.9 (29/7) 206.3 (3/1)	225 6 (8)11) 165 6 (8)11)
	Stocies traded	Closing	Chart on di	ge	† Volum		Million		NORWAY Odo SE (Ind) (2/1/83)	678.49	682 92	688,94	693.32	925.13 (2/8)	स्थास द्यामा
	267.700	141	- 4	<u> </u>	iew York	164			PHILIPPINES  Masila Coox (2/1/85)	621.99	618.11	61191	631.39	1160.70 (21/3)	534.80 6/180
gemana 2,	680,800 014,700	4312	- 13		ASDAQ		466 17,17 466 189,44	912.896	SINGAPORE SES AS-Support Q/4/75	331.98	319.92	312.54	311-64	446.87 UM/TI	307 <b>42</b> (17/10)
3M 1,	907,900	1124	+ 1		gues Trades		020 2,01	5 2,002	BOUTH AFRICA	755	1875.0	101-5	15.00		
ČR 1	,839,900 ,765,100	394 914	+ 1 <sup>5</sup>	F	itses alls		745 86 771 69	1 489	JSE 664 (26/9178) JSE Industrial (26/9178)	1397.04 2956.04	1215.0 2947.0	1253.0 2930.0	1245 0 2903.0	2230.0 (04/1) 3211.0 (6/2)	1197.0 (7/12) 2640.0 (1/10)
amie Mae 1	,742,700 685,800	297 337	- 4 + 4		lockerged Jew Highs		504 45 15 5	8 449 8 31	SOUTH KOREA** Karsa Camp Ex. (4/1/80)	731%	717.82	718.84	708.90	928.82 (4/1)	566.27 (17/9)
	,642,900 ,613,000	36½ 57½	- 4		lew Loas		30 3	ñ 36	SPAIN Madrid SE (50/12/85)	239.45	<u> </u>	234.64	232.53	309.74 (16/7)	209.37 (28/9)
									SWEDEN Afficación Geo. (1/2/37)	910.7	910.1		-	12000.00	tor contain
ANADA									SWITZERLAND	710.7	710.1	886.4	880.5	1329.9 (5/7)	_ 815 & 027/LÚ)
ORONTO	De	9G. E	)ec. 1 6	Dec.	Dec	HIGH	1990	LOW	Series Basel (ad. (31/12/58) SBC George (1/4/67)	630.6 539.1	650.9 539.8	637.3 528.1	135.7 526.1	מקנם 845.3 698.2 (13/7)	113.4 (28/9) 510.4 (26/11)
etals & Minerals	27	6.89 Z7	7413 2	738.43	2670.70	3453.05 (4/	2486.	60 (8/11)	TARWAN*** Weighted Price (30/6/66)	4949.81	4741.86	4967.12	4736.66	12495.34 (1072)	2560.47 (I/A)R
emposite ONTREAL Portfolio		7.70 17			3189,76	4009.47 G/3		91 (16/10)	THAILAND Bright SET (30/4/75)	632.37	687.15	. 6	581.98	1141.78 (25(7)	
						2060.90 (3)		St (TPL) DO	WORLD					77-17-16 (1011)	541.30 (30)111
ese values of all is	Mices are	100 ex	apt NYS	EAUC	1mmen – 5	0; Standard	and Poor's	-10; and	H.S. Capital lett.0/1/70 (\$)	473.9	465.9	458.0	453.7	571_0 (4/1)	423,1 (28/9)
se values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and onto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/11 + Excissing bonds: 1 industrial, plus Utilities, Financial and Transportation. (c) Closed. (d) Solicition.  **Solicit to official vicalculation.**  *Solicit to official vicalculation.**  *															

| Stocks | Friday 7 December 1990 | Stocks | Friday 7 December 1990 | Stocks | Friday 7 December 1990 | Stocks | Closing Chang Traded | Prices on day | Traded | Prices on day | Traded | Prices on day | Stocks | Stocks | Closing Chang | Traded | Prices on day | Stocks | Stocks | Prices on day | Traded | Prices on day | Stocks | Stocks | Prices on day | Prices | Stocks | Prices on day | Stocks | Prices on day | Stocks | Prices on day | Prices | Prices | Prices on day | Prices | Prices

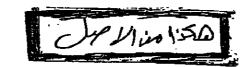
# WORLD INDUSTRIAL REVIEW

The FT proposes to publish this survey on January 14 1991. It will be of particular interest to 54% of Chief Executives in Europe's leading companies and 94% of Captains of Industry in the UK who are FT readers The US Senate and House of Representatives receive hand delivered copies of the FT Daily. If you want to reach these important audiences, call Brian Heron on 061 834 9381 or fax 061 832 9248.

FT SURVEYS



HARRING THE PROPERTY OF THE PARTY OF THE PAR



# FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2126

AUTHARIARA	Unit Unit Come. The prior View City. Unit Name Carrie Price Price Carry Man Name	<del></del>	FUNDS SERVICE	Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2126
AUTHORISED Unit trusts	Brown Shipley & Co Ltd (1000)F Confe 9-17 Perymous M Navesta No 10444 41 224 27 144 F	Jult Case. But appreciate Chy- Unit Date Case. But a Direction Chine Price Pri	Unit nam Come Price Price Or Singer Unit Chip Price Pr	
Smit Seit Came. 25g Office Vivid Clip Hanne Chrys Pritor Pritor Pritor Gr's 18th	Fig. 72 917 17 19 92 21 36 - 46192 Canadia	come	Capital Bern's Treets  4000  Capital Bern's T	99 (dys.) 40cccc   1065.49   54, 125.59   29.04   31.22   0.00   43.06   Capital Hys   2 Feytical Sq. (Catheryn EM 9 9 5) 4000   105.00
Abbey Unit Tet Minges (2000)H 30 Holdsstarst Rd, Bournementh 0345 71737 High Busset American Income 61 40 34 40 55 43 26 6 34 4000 61% & Fixed Int 61 109 64 118 1 10 50 source	3 Income	n	Find of the Ltd 5-5 22.96 22.96 24 653.46 6077 Merctory Fund Managers Ltd (1000) 91.25 6.07 10 10 10 10 10 10 10 10 10 10 10 10 10	149 Sales Colv. 1-5, 201.37 201.37 201.07 201.07 10 10 10 10 10 10 10 10 10 10 10 10 10
American Income 6 40 34 90.85 9.3 26 5.3 400.8 515 6 Frod Int. 6 109 6 109 64 136 3 9 59 900 109 64 136 3 9 59 900 109 64 136 3 9 59 900 109 64 136 3 9 6 136 3 12 6 12 6 12 6 12 6 12 6 12 6 1	0 erd Growth \$ 6 23 95 23 56s 24,82 0 28 901 90 Consts 1 Meastle Morrors 6 47 77 24 90 7 52 25 47 84050 1 White 28 901 6 400 7 52 25 47 84050 1 White 28 901 6 400 7 52 49 52 49 52 49 54 90 59 49 54 90	cet UT	ASST BULL Recovery	80 206.0 Servicia 315 3 5 2 7 5 2 7 5 2 7 6 7 1.121 (41) 6 (200 Seel): Go 512 38 7 38.774 43, 242 87 7 175 8 7 6 6 6 6 1 7 5 1 7 5 1 7 7 18 7 7 14 4 1 24 2 8 7 7 7 5 7 7 6 7 6 7 6 7 6 7 6 7 6 7 6 7
Capital Reserve Acc 0 99.91. 99.91. 100 0 7 14 1400 Capital Paterve Inc. 10 83.97 83 97 84 05 7 14 1739 County & Energy 6 71.73 77.73 77.73 77 11 29 4000 1997 Enterprise 6 55.54 54.93 60 55 7 52 14589	Hesianth Him, Portream Sq. WIM QJR 071, 935,6382 PO Box Income Growth	Gartaner Haze, 16-18 Monamen, Street  118 Unit Triest Manus Life (1800)F  126, Bechenham, Keer Br5 402, 097, 698,911  126, Bechenham, Keer Br5 402, 097, 698,911  127, 128, 128, 128, 128, 128, 128, 128, 128	German (Jules) 52 156.7 156.7 166.20 00 0075 British Blee Chip 5 53 46 53 60 57 181	1 000) Matingal Provident Inv Mgrs Ltd (1400)H Hen 1864 5 1854 1854 185 28 1861 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Euro Capital Inc. 6 (22 13 22 13 27 7 20 13 14 14 15 15 16 14 15 16 15 14 14 15 15 14 14 15 15 16 14 15 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16	BOUCHMASSER Mangard Co. Ltd. (1.200M)   Marmal   1558 Botolph Street, Loudon ET3A 7,11   077-247 4542   Property   Emerging Gorth 544 45.97 43.77 46.4014 EF 10295   Property   2 UAcam United 544 45.94 45.94 47.104 AF 148.97 Property   3 Februarity   15 45.94 45.94 47.104 AF 148.97   15 46.97   15	Monal Inc	MODIL (Account Units)	re dejizy RPN European Acc. 3144 88 65 46 67 84 07 73 41149 Japan Sousiler 55; [138 143.8 12.9 ] - 41.70 15 600 17 16 16 16 16 16 16 16 16 16 16 16 16 16
US Emerging Cas	5 Governi inc	See November 6121 1289 9 519 48 52 52 52 53 52 52 52 52 52 52 52 52 52 52 52 52 52	1830 - Dericoga:	2 40794 NP 0' 982 013 2 596 0 599 3 537 51 51 110 5 500 pieth 52 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1210 1 194 2 205 56 70 1 194
Abrust Management Ltd (1200)H 10 Omet Terrace, Aberden AB9 10.1 0800 63350 America & Grantin . 54, 24, 39, 24, 39, 25, 65, 30, 50, 500 Cab	Marchan United 9 314, 113,6 115,6 122,6 0.6549213 Camerille Smaller C751, 77,46 77,46 94,46 41,25 1.15,0214 Can 9 F	N Gerich 6   19.98   19.98   21.48   41.48   11.48	### Indicators	7/18093 2 Leadon Bridge, SE1 071-897-809 U.S. Growth
Designation in 1 70 3 70 3 1 70 3 1 70 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	117 Feschurch St. London ECSM SAL 071-480 7216 Mayer Botted Gift. 11, 160 38 60 38 61.4512.72140216 Milmon	History Text Managerit Lite (0900)F House Section	Breschaft Her, 5 Appeld St. ECZA 2DA 071, 588, 2890 Partie 200, 500 A 40 FZ. 1000 Partie 200 A 40 FZ. 1000 Partie 200, 500 A 40 FZ. 1000 Partie 200, 500 A 4	Name
Citra backers . 5-1, 5-1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1	2 A William Ward, Liberton SEI, 1803. 071, 407, 5986. Bureones B 205 Sel High In: Edy. 55, 42, 72, 43, 50ar 46, 28 b. 03, 40986. June 187 D 205 Sel Migh In: 68 pt. 51, 31, 44, 69, 43, 50ar 48, 41 b. 03, 67806. URS Small	Its II Street, Lordon SWITY 401 677,859 8711  Hoop King	Amount rest 1 at 1	7 (e)010 Per European 5125 5 9 9 12 9 12 5 6 9 13 6 9 14 9 15 6 9 14 9 15 0 15 0 16 0 16 16 17 9 17 18 18 18 18 18 18 18 18 18 18 18 18 18
Fragery Stare. 5 to 49 to 51 to 52 (138 to 5	2 TSINSPERIOR SI 41 14 42 40 44 77 27 14 1997 Do Acces	Rev 16\$ 111.1.1 117 1.17 0.6.57 leight at Nor 16\$ 5 124.8 224.8 226.5 8.6.7 leight at Nor 16\$ 5 124.8 124.8 226.5 8.6.7 leight at Nor 16\$ 100.00 F Hourt Managet Link (10.00) F Hourt Vol. Lendon Bridge SE J. Lift (27.407.996.6 UK Enterprise Co	International Association   1,000	Japanese
1 White Hert Ye, Leaden Bridge SET LHX 077,407,5964 Ethical Yet	5 CIBC Unit Tet Managers pic (1200)H 25, Rave Cotton Cir (1707) Land Cotton Cir (1707) Return Cotton Cir (1707) Land Cotton Cir (1707) Land Cotton Cir (1707)	in Unit Test Mages Ltd. (1400)H  European	Managed	Additional Peters   United Transfer Ltd (1000)N   Additional United   \$1,250 at 25
PO Box 281, Beckesham, Keet BH3 4UD 087-643 3000 UK Earity Issam 6 51, 53 00 52 02 55, 337 00 FR77 UK Earity Grawt 6 64, 45, 22 47 28 50,29 6 70 FR78 European 64, 38 75 39, 37 41 885, 660 6001 Bth American 64, 34 47 35,534 37 49 4,70 6002 Far Earite 64, 34 27 35,534 37 49 4,70 6002 Far Earite 64, 34 27 34,888 37 70 22 20 6002	CIS Unit Managers Ltd (1000)F Rew Aut PD Bex 105. Manchester M60 OAH 061 837 5060 Jap Smil Control 105. Manchester M60 OAH 061 837 5060 Jap Smil Smill Commun. 61 81 21 83 404 88 735 102 63700 Jap Smill W6 Automatic Manchester M60 OAH 061 886 735 102 63700 Who Automatic Manchester M60 OAH 061 886 735 102 63700 Who Automatic Manchester M60 OAH 061 886 735 102 63700 Who Automatic M60 OAH 061 886 735 102 63700 Who Automatic M60 OAH 061 887 506 000 Wh	1945   1945   1946	UK Income Dato 0 183.9 183 9at 188 3 5.31 18759 For Eastern	Olestra Creeth 599 23 102 1 107.414 60 4121 (Access Units) 54 137 8 144 0 153 615 57 812 5 SODDE (Access Units) 5 164.1 167 7 176.514 60 4122 Telyes 6 54 69 12 69 50 74 1310 00 4873
Fined Interest	<ul> <li>CS Fund Managers Limited (1000)H 4</li> <li>125 High Holtom, Louise WC19 679 671-242,1148</li> <li>America S America F</li></ul>	Jant Tst Manyer List (14400H)  10 Crescet, Editory	Legal & Gesteral (U.T. Mgrs) Ltd (1200)F Global Growth54; 35-0; 38-0; 39-29 in Good Articles Service Control54; 35-0; 38-0; 39-29 in Good Articles Control54; 35-0; 38-0; 39-29 in Good Articles Control54; 35-0; 38-0; 39-29 in Growth54; 36-1; 38	UK   Bill 25
int Corosuls	2 CS - News F	5 51, 20 22 22 21 000 40 000	For section 5 (1962 2 1982 3 1982 1 1	Penistrate Access
Caffon Prem Perf 6-4e 05 46-81 49-807 . 60 4815 CRIss Prem Perf &c 64-69 47 - 77 50.259 l. 100 PREM Band Setter Philos + 6 35-14 36-49 381-82 3. 00 PREM Band Setter Philos + 6 38-35 38 79 481-27 3. 00 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 38-20 2 20 PREM PER Perf Pell Art 6 48-35 38 79 3	Do become Dist	The Sist at State State Claretine Hell Tel Mann I tel Months	Japanese	48 Harr Sures, Healey on Thanks 0491.578888 January Statis Core 2 22 25 22 25 22 25 22 25 25 25 25 25 2
BF Sect Oper P India no. 2 3 33 40 33 24 35 37 37 38 38 39 59 59 50 50 50 50 50 50 50 50 50 50 50 50 50	1 Obrupic Way, Wembley, HA9 ONB UK Bate 3 OS1-902 8876 UK Growth Dealing: 0800 282621 UK Growth Company of the	med Acc. 6 199 25 90 822 90 122 6 11 20 1 20 1 20 1 20 1 20 1 20 1	UK Special Sits. 6 74.85 74.85 79.614 48.60794 (Access Units)	Section   Sect
or majern resoluce: 3 3.1.09 32.09 32.00 1.40 mg/m British Grossit 9 5.5, 48.57 48.99 32.00 1.49 40.51 Yeshacal Assays 9 34, 37.89 59.37 62.49 4.025 Assays 1 43.84 +- 5.4, 35.17 5.17 37.29 10.51 40.55 British Line 9 34, 178.85 79.85 84.65 2.73 41.54 Accept 10.81 4 34, 188.22 85.27 90.34 2.94 (1.54	Strain Represent   3   31.21   32.21   33.22   34.22   35.22   35.22   34.21   31.21	\$     Acc	TO SEE ON CARDIANI, New INCH 1971 DESIGN 0534 824313 Int 1199 St UT 6 51 21 31 21 22 54.771 L PART DESIGN 053 ST UT 6 51 12 51 27 54.771 L PART DE (Access)	Aller Smitr Miter 55, 135.36 55.36 37 821, 79 48110 UK Small Drs 5 160 46 77.31 76 92.5 03 13 12 9 97 16 17 17 17 17 17 17 17 17 17 17 17 17 17
Capital Debusies 4 - 54, 34,80 34,80 36, 90 [13,464156] Access Hints 4 - 5-5 4 62,01 42,01 44,54 [13,46456] Will Inspects Service - 5-4, 56,27 59,27 62,284 - 44675 Inspects Service - 5-5, 57,27 59,27 62,284 - 44675 Inspects Hints 5-1, 54, 37, 20, 37, 19, 47, 19, 47, 27, 59, 94,1544 Access Holizo 5 - 5-5, 36, 20, 38, 20, 36, 27, 5, 69, 11,544 Access Holizo 5 - 5-5, 38, 20, 38, 20, 36, 27, 5, 69, 11,544 Access Holizo 5 - 5-6, 38, 38, 38, 38, 38, 38, 38, 38, 38, 38	2 SE Asia 4	Ltd (1000)F  CAM this Amer Inc. 5(27) 3 (27)	Eargy Ind	Carrites hall Dec 7 (197 17 97.17 98.802.988445)  ### Mingle Except Acc _ 3[164 87 170 01 177 112 00] November 2 10 10 10 10 10 10 10 10 10 10 10 10 10
Account United 54   54.97   54.97   58.26   5.55   41507   70   70   70   70   70   70   70	American 6. Gen	spice Carried, Lession SW7-4-10 071-377/261. GAM UK Dird Acc. 5199.67 99 67 106.0212.80 kg 76	10   10   10   10   10   10   10   10	1 White Hart Vari, Leeden SEI, INX   1071-4075-966   Selection   1 White Hart Vari, Leeden SEI, INX   1071-4075-966   Selection   1 White Hart Vari, Leeden SEI, INX   1071-4075-966   Selection   1 White Hart Vari, Leeden SEI, INX   1071-4075-966   Selection   1 White Hart Vari, Leeden Selection
Emrejian Greeth 5 162 0 162 0 171 6 0.00 letter Levrey 2 300 6 300 64 00 1 7 1 100 letter Uctom Units 2 1002 1002 1005 1 7 14005 Far Eastern 5 101 7 101 7 140 0 00 4005 Licogn Units 2 199 2 29 21 27 0.00 4005	Access Lines	ad lat	280 In Martina 1 5 13 33 33 34 35 62 22 48811 British Grant 6 6 1.02 62 74 64 45 14.0 82 62 62 64 65 14.0 82 62 62 64 65 14.0 82 62 62 64 65 14.0 82 62 62 62 62 62 62 62 62 62 62 62 62 62	OK   Income & Growth. 6142.84 43.35 46.1225 9344011   Scottish Equitable FG Mgrs. L00 (10000)H
Fin 6 Pribarty 5491.67 49 67 33.09 33.1014.77146007 German Unitsi 5183.89 83.09 97.814.77146007 High Yield 5 76.75 76.75481 30.06 20440001 (Austral Unitsi 5 205.3 205.3 21.75 56.2040041 Berlan Griseth 5 43.17 43.17 43.17 48.11 10.0040092 tenome & Consett 5 202.8 292.84 310.28 73.784800	Occum Units	25	267 De Oficiand	Principal Unit Trest Magant Ltd (1600)F  4600 16 South Park Serensis, Kent 1113 1An 0732 740700  16 South Park Serensis, Kent 1113 1An 0732 740700  18 South Pa
(Account United 5, 1099, 1099, 1193,15,75,4894, tall Growth 5, 10,499, 67,499, 57,00,04004, (Account United 5, 55,522, 85,52, 90,76,0,00,4004), (Account United 5, 55,522, 85,52,90,76,0,00,4004), (Account United 5, 10,494,10,49	High Yield 2897 3 910 7ai 938 98 65 64993 III & Groot Gazzan Lisiss 21945 7 95 8 987 58 64 64992 III & Groot James Capel Unit Tst Magt Ltd (1535)F P.D. Box 552, 7 Devosibir Sa, Landon 5234 419 65547	th Acc \$ 24.4 7 218 Au 225 Ale 34 (1979) Well Her 18.1 18.5 7 17.7 45.1 18.7 19.5 5 call Cr's 5 14.1 15.1 5.3 7 6 60 77 2.5 94 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	UK Ennity Inc.   6184.52 98.52 90.025 5.46 6783   Silt. & Fixed Int.   6153.89 53.87 57.31 Ft	Maid   Walbrook Hor, 23 Walbrook, ECHR RLD   DEGG 25/243
Jacobs Uerts 2   137-9   137-9   146-35-37   1905   177-97   1	### Dealing: 171-174(9.33)   State   Part	int in:5-9 (A) 21.90 82.50 94.9097 Europeas Gerth6 27.09 21.23 22.71.2074 (Sec	256 Landon & Manchester Txt Mgmt (1.000)H  Windate Port, Enter DX5 105  257 Windate Port, Enter DX5 105  258 Americas 52 12 32 51st 34.88 22 4028 Europeas Growth 55:33 53:33 35:921 11  259 General 6 35 39 56.0bm 66.09 4.5 4020 Glit & Flord let 6 55:03 53:33 53:921 11  259 Europeas Growth 6 55:33 53:33 54:921 11  250 Europeas Growth 6 55:33 53:33 54:921 11  250 Europeas Growth 6 55:33 53:33 54:921 11  250 Europeas Growth 6 55:33 53:33 54:921 11	For East
Account Unitid 5   236.0   236.0   236.0   483-40035   5maller Can Dir 5   65.88   64.88   74.851   74.4   40056   44.0036   44.	Interne	film. 646.16 46.16 49.114.221000	Merinamia   1,35,72 36,10 37,31 13,9000	Media
All charches Inv Mgmt Servs Ltd (1200)H 19/21 Billier Street, Louten ECSM 28Y 073-58,7364 Amity Record 5 34 84 93,94 39,35 1.22 200 Amity Accord 5 34 64 63 33 64 015 52 200 Income Solido Nr. 5 59, 62 15 43 08 45.82 5 55459	UK under	ind Vard, Enter Dil 1148 1992 412144 Grofinal Brit inc. 34, 43.31 45.384 724 735 735 735 735 735 735 735 735 735 735	322 Cest Services 071-425 - 525 92 11.1 Decling 0245 255255 MIDM Beritarenia Unit Test Migra Ltd (1.0 5 Aprel 10415)	00)F blermational
Affled Dushar Unit Tits PLC (1698)F Affled Dushar Castre, Seriodon, SM1 1EL 0793 514514 Bealing 0793 610366	Asset Value	g, Bath Raid Devices SNIO 205 C390 779200 Grandian Royal Ex Unit Mgrs. Ltd (1200) 5 19.88 21.876 324655 36 Harborn Exchange So, London E1496 95 C077-539 5 10 10 10 10 10 10 10 10 10 10 10 10 10	0H (Access Units)	MK Smaller Con
Greeth & Ingone . 5   161.9   161.9   172.45  A440004 Capital	Intro Genta 5, 12, 20, 22, 20, 36, 22, 45, 25, 4837 De Garante Fee Enchen 5, 5, 24, 82, 49, 58, 18, 13, 13, 13, 14, 14, 14, 14, 14, 14, 14, 14, 14, 14	0 6 22.34 22.34 23.69 1.70 48.60 income legery 32.54 b 22.14 32.50 1.70 48.60 income legery 36.19 48.00 181.75 24.75 25.75 24.15 24.15 25.75 25.75 24.15 25.75 24.15 25.75 24.15 25.75 24.15 2		28 of Leg Way, Rook, Bartis R627 974.   1255 75,0888   European
High Income	Seint Direction 5 53.85 65.85 70.17 0.10 6555 D 0 (scenarios) Control Acc 3 24.05 37.06 77.07 0.10 6555 D 0 (scenarios) Control Acc 3 24.05 37.05 77.07 0.10 6555 D 0 (scenarios) Control Acc 3 22.00 32.00 57.28 3.61 74.00 D 0 (Access Section Second Acc 3 51.05 1.01 1.05 565 D 77.00 77.00 D 0 (Access Control Second Acc 3 51.05 60.18 60.1	Sequiec. 6 20-0-20 20-0-20 21-917 V2 1997 Pro Sharts	AG Schmidt and St. 1917 1 221 1 221 1 215 1 21 1 216 2 2 2 2 2 2 2 2 2 2 2 2 2 2	lesson With American Inc. 5 49,19 49,10 52,286, 184 MILTS Scottlish Prevident Inv Mgt Ltd (1000)F 4999 UK Enelty Acc. 5 80,06 81,06 87 075 53 40156 55 America Sq. Edisburgh Etti 274 075,558,232 UK Enelty Inc. 5 72,03 72,03 72,03 73,558,20155 55 America Sq. Edisburgh Etti 274 075,558,232 07994 Workforder Acc. 5 87,17 87,77 93,861,280155 5610 Fronth Acc. 6 18,05 18,77 19,755 13,41,99 07996 Workforder Acc. 5 87,17 87,77 93,861,280155 5610 Fronth Acc. 6 18,05 18,77 19,755 13,41,99 07996 Workforder Acc. 5 87,18 87,17 93,861,280155 5610 Fronth Acc. 6 18,05 18,07 19,71 78,96 13,41,95 07997 Workforder Acc. 5 27,88 7,37 m m m m m 1,41,41,41 184 184 184 184 184 184 184 184 184 1
European Growth 5 21,40 21,40 22,55 0.04 40024 International 5 87 58 97 53 97,601 36,4003 1,400 5 11,55 11,55 12,24 0.01 4006 Pacific 5 12,50 11,50 12,50 12,24 0.01 Scci of America 5 125,50 123,50 224,50 230 0.00	Sel miss manufacture 53 -91.25 -9	6	Section (1975)	UK High ine Eq. ise. 5 162 18 62 18 67 77 8 73 (a)161  usylah beng Bang Acc. 5 44 58 44 59 47 50 72 (1)164  usylah beng Bang Acc. 5 44 58 44 59 47 50 72 (1)164  usylah beng Bang Acc. 5 44 58 47 50 72 (1)164  usylah beng Bang Bang Acc. 5 44 58 47 50 72 (1)164  usylah beng Bang Bang Bang Bang Bang Bang Bang Ba
w wise stage var 5127.55 27.35 27.121.15 09 180000 Specialist Treshs Annt Value 5 348.4 252 34 375.18.97 180000 Com 6.618 5 33.25 33.25 35.417.7948000 Smaller Oat 5 118.6 118.6 126.314.4948000 2nd Smaller Oat 5 105.7 105.7 125.54 66 48000	Giobal Gerth Acc. 55/3 12.03 32.03 34.00 D 19(10.03) Fidelity Do Income	Investment Servs Ltd (1200)F   Garlinness Mathon Unit Tst Myrs Ltd (1200)F   P0 Sm 462, 25.1 Mary-1-918 [E3]   371-523   371-523   571	F   Access United	40002 W wide Bland Inc \$49.57 \$43.57 \$43.27.77 \$43.57 \$9 Bitst 902, Edinburgh EH16-S8U 031, 6659, 77.24 \$4000 Enterplay Acts Acc \$63.70.4 \$65.34 \$77.07 0.11 \$6650 Enterplay Acts Acc \$63.70.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acts Acc \$6.350.0 370 0.376 6.31 18.153 \$44000 Enterplay Acc \$6.350.0 370 0.376 6.376 6.37
Recovery 5 93 63 93 634 99.71 (4.1340984 Met. Mills & Crisy 5 100 4 100.4 210.4 210.4005 O'ues Eurelogs 5 231.2 231.2 424.2 21.57 4006 Technologs 5 90.51 90.3 1 94.3 90.33 40007 UK Special Sits 5 275.8 275.8 293.7 13.55 40009	BK Cap Seut Acr	54 115 4 115 4 1122 10 0014035 High lacons 670,046 50 94 156 63 0.56 15 65 10 156 156 156 156 156 156 156 156 156 156	Account United	Instant Act
Arischmert Unit 151 Mignett Life (1990): 131 Feirberg Parcents, EC2 971-628 9876 Arbeitens Gorb her 5 83 40 83 40 84 401.40 (4009) De Actors	American Particula: 5 25.52 45.72 45.72 45.324.4 Enroyman American Particula: 5 32.00 59.01 62.01 0.90 6855 1992 Enroyman Japanner Porticulo: 5 7.76 57.31 40.44 2.25 6855 1992 Enroyman Pacific Porticulo: 5 45.08 42.254 65.25 70.0035 Fair East In UN lacone & Crowth 3 49.00 49.05 52.75 71.1005 Gair East In	5 9 6 56 9 56 112 10 10 10 10 10 10 10 10 10 10 10 10 10	Decembration 1 27 3 7 3 7 3 7 3 7 3 7 3 7 3 7 3 7 3 7	Admir Rev Zualand Acc 5   35.67   36.07   30.2017 62   40046   Giobat Inc   6   122.5   122.5   130.7   15 5   412.7   40021   Nev Zualand Inc 5   35.67   35.67   36.2017 62   40050   UK Spoc Sits Inc.   6   72.38   80.77   80.14   40021   Nev Zualand Inc 5   35.67   36.77   30.2017 62   40022   Nev Zualand Inc 5   35.67   36.77   36.77   40023   UK Spoc Sits Inc.   6   72.08   80.77   26.78   40024   UK Spoc Sits Inc.   6   72.08   80.77   26.78   40024   Company Victory U.T. Mgrmt Ltd (1008) F 40024   10024   10024   10024   10024   40024   10024   10024   10024   10024   40024   10024   10024   10024   40024   10024   10024   10024   10024   40024   10024   10024   10024   10024   40024   10024   10024   10024   10024   40024   10024   10024   10024   10024   40024   10024   10024   10024   40024   10024   10024   10024   10024   10024   40024   10024   10024   10024   10024   10024   10024   40024   10024   10024   10024   10024   10024   10024   10024   10024   10024   10024
Artwright Management (1.400)F 1 King S, Manchester 1860 3AH 551-852 0242 Growth 574 94 74 94 79.724 58 6002 become 574 94 74 94 75 51.99,77 4006 toternational 554 97.77 39.77 42.21 0.33 4665	Chase Manhattan Fund Myrs Ltd (1600)F Crost 21 (1600)F Cr	Felding 3-9, 17-36, 17-36, 18, 747, 13, 1949. Po Box 600, Edinburgh E715, 16.W. 000, 8388 for	66 Section 1620-1 3 1821 37 40 and 13 50 to 52 1827 3 5 5 18 18 18 18 18 18 18 18 18 18 18 18 18	Company of the Compan
Asset Unit These margis Lim Culcular 20 Argent Street, London SW17 497 2 077, 829 588 Growth Ang 23 51 72-49 72, 450 77, 154 2014074 Inchine Ang 23 51 78-80 78 18 1 10-6 18 1346075 E & C E Unit Trysk Mingant Libi C1000.Ht	PO Box 120, Bechesham, Naut 8043-4978 (1033-0-0-3-3130) dayari Emigrati Formeth 3-1, 77.2 97.7 27-88 E-5 6-1, 2016/030, Massangeri Ni 1992 Em Spec 9m 54, 198,00 59,00 62,002 (1.00-4020) Massangeri Ni Nigerusi Koshi, No. 5-1, 5-6,52 52,552 65,550 (14920) Massangeri Nigerusi Koshi, No. 5-1, 5-6,52 59,550 65,556,500 40220, Responsy Nigerusi Koshi, Nigerusi Nigerus		MPM USA Massacs 1 A. C. CRONU *Compand Amerikan	7 1
Maser Royal, Country RV10/2007 0293 26431 Batt-Orea Sees - 1:57 09 57 77 60.121 4.014655 Baillie Gifford & Co Ltd (24003) 10 Ekerteins St. Edinburgh 051, 225,006 86 America V 9122.1 122.1 128 80 2140312	IIK Growth Act	Seal Presents Presents Preferênce	Mean Unit of Managers In Cloudy Working Working House Rd. Working Delity 0277-251010, Eng. 0903-204531 20 Pinstany Circus, Lowine ECZN UT 20 High Scare F	Holboor Trust:
RG Environ Genth	Bectosan Intl	ne Rigus . 54, 124.3 125.6 144 7 10.00 (46.1) High incore	25 mt. Early Gill 19 23.78 44.00m 48.201 19 90127 10 10 10 10 10 10 10 10 10 10 10 10 10	1950 Holborn High Inc 649,72 49,72 74 56 (7.88 MIZE) 5 & W Iscome 5190 16 9/185 9 7.197 7.28 (1379 1300 Holborn High Edu., 6) 99,43 99,43 105,34 (1.20 High) 5 & W Iscome 5191 6 180.5 197.012 97 (1470 1480 High) 5 & W Iscome 5174 6 180.5 197.012 97 (1470 1480 High) 6 180 180 180 180 180 180 180 180 180 180
B5 Pacific	Sandirer Hs, Getter La, Luwton ECZV 68R 03/24 012144 South East Active Asserts Der 5 _ 11 to 41 16.40 17.01 22/84059 Special Str Cityrical Medical Dailt Tat Migrs Libi (1200)F Rarrow Plain, Bristol 852 011 m page 10 20 20 27 31 5 m Str	Adds = 34, 111.6   112.7   120.1   0.004429	**************************************	The state of the s
36 Guerra St. London, ECAR IBN 071-226-4210 Birk & O'ream	Acles Mange Carth	Profile	35 Manual fe Group PLC (1200)H Europe	25   25   25   25   25   25   25   25
Exempt Fronts 3/25.10 55.26 58.4010.00 (4/95) Exempt Exempt Could 3/25.10 55.26 58.4010.00 (4/95) Exempt Exputy Could 3/25.00 59.30.8 53.94 (0.00) (4/95) Exempt Exputy List (1/90) (4/95) Unicorn Prix. 252 Deputy Ref. E7	General County 51, 53.10 54.21 57.21 47.27 Curioren a General County 5 55.5 57.6 57.6 57.6 57.6 57.6 57.6 57	The first of the f	Service Servic	# Related Unio
Unicoro America, 3-6 co 20 co	Special Sts		High Content   1   13-2   14-0.05   60   600	Park View Horse, Front, Street, Beatons Gift & Fost ins lov
Do Earn Geth No. 3-34, 184.72 84.77 (AUSS), 4.77 (AUSS) Do Earn State 1	Cal seconds   1   22   3   25   45   45   44   45   45   45   45	707.3.5194.43 98.43 13.650.001904 ghas Unit Magt Ltd (1200)F Sagate Lewin CCM 377 077.374 (100 Super	66 De Access	1002 NC Artestria Used 6 (2001) 286.17 279-47 17.79 (11) 45 Charlette Sq. Edinburrel 1066 NC Arrestra Used 6 (2013) 280, 13 280 (2017, 79 (11)) 4 Apertically
90 GR & Farl Int. 31, 48.68 48 belts 20 46 12 9941. 10 Grant Acc 51, 207.3 209.3 225 04.13 9233. Do Income. 51, 388.4 393.6 42 10 8 50 187. Do Incidente. 51, 44.70 44 97. 47, 97, 59, 922. Do Jun & Grant St. 13, 139.4 139.8 149.10 24.4013.	CII Europein Gib. 6 73.62 73.62 78.52 78.52 78.74 78.50 19.0	88   1741   1741   1821   1830   1840	Marting Ts	0.00 https://doi.org/10.1016/1
00 Jun & Genhet. 33: 137 # 138 2 7 # 27 7 0 # 2 # 20 0 Jun & Genhet. 33: 137 # 138 2 7 # 25 7 70 100 # 25 7 0 Jun & 25 7 0	CU) Homemarker 6 45.86 49.56 49.51 C.44 40550 (Account tell Cu) Income 6 50.00 55.00 19.57 \$8.13 4050 (Account tell Cu) Income 6 50.00 55.00 19.57 \$8.13 4050 (Account tell Cu) Income 6 50.00 50.00 19.57 \$8.13 4050 (Account tell Cu) Income 6 50.00 50.00 50.00 19.50 (Account tell Cu) Income 6 50.00 19.50 (Account tell Cu) Income 6 50.00 19.50 (Account tell Cu) Income 6 50.00 (Acco	10 10 10 10 10 10 10 10 10 10 10 10 10 1	His American et 3, 54, 25 91, 25, 91, 31, 56, 14, 35, 36, 36, 36, 36, 36, 36, 36, 36, 36, 36	1007 11 income 5 3 57 77 57 57 5 5 5 6 5 6 5 6 5 6 6 5 6 6 6 6
De Special Stat 54, 191.2. 151.2. 161.7(A.54 septem Do France 54, 125 9 125 9 134.74 75 750041 Do Inshi Tock Acc 54, 45, 46 45, 76 48 531.6+407.62 Do Union Tech Inc. 54, 44 75 45.04 48 04 1.6+407.61 Do Worldwide 54, 111.5 112.2 177.1.52 177.4 A val Inc Fid Acc 34, 49.7, 407.7 426.88.36 1626.5	De Access de 1901 - 5 30.01 55.30 56.30 57 Meldels Leccure Leccure Cell Pred for Pert. 6 53.01 56.30 57 35 35 35 40 14665 Leccure Leccure Cell Pred for Pert. 6 53.51 55 59 50.50 60 60 60 60 60 60 60 60 60 60 60 60 60	Ha)5 175.9 175.9 187.1   66   66   Grypet Tu F 25 157.43 37.43   40.040.73   47.05   47.	Japan	Start   Star
8 to 1 m r of the 1 1252 1 232 1 234 1.85 3.6 km/ss Suring Fond Managers Ltd (1.2007)H 70 Bot 156, decisonary, Kerl 865 676, 061 659 9002 American Growth . 5 64 66 66 64 222 1 2 miles American Santo Can . 3 50 25 26 25 25 33 49 1 (2 miles	CII UK & General 5 24.77 24.77 19.34 19.44 29.35 19.33 Japan & Go Di Alcomi 6 11.7 24.37 16.50 16.31 19.35 Leacont library CII Wwite Bal 6 43.17 24.37 16.30 16.31 18.35 Leacont library De Alcomi 6 43.17 27 27 27 28 28 18 18 18.35 (Accom Library CII White Sp SFA 6 38.44 38.34 44.35 1.86 1633 Results to De Alcomi 6 38.44 38.34 44.35 1.86 1633 Results to De Alcomi 6 38.44 38.34 44.35 1.86 1633 Results to	127.1   127.2   127.2   127.3   127.	Guide to pricing of Authorised Unit Trusts	1089 IIX licenses
Amirella	CU deliter (several ! \$ 10.42 * 90.22 * 2.22 * 2.22 * 11.11 (Caram last)  0 & Accuser 1 6 9 4 4 4 4 10 50 70.7 74 (49.11 (40.11 to 14)  CU destre lectore ! 5 74.32 76.22 83.31 6 10 74.11 (50.11 to 14)  0 Accuser 1 6 8 10 8 9 3 8 9 5 8 8 8 9 8 9 8 9 8 9 6 8 9 8 9 8 9 8 9 8	7 5 55.6 5 56.5 77 70 5 72 January 6 14 4 Furi tat Inc. 4 122 25 22 46 21.33 (9.340) 10 5 5 10 5 10 7 9 2 77 92 4 0.35 72 January 6 10 10 10 10 10 10 10 10 10 10 10 10 10	Compiled with the assistance of Lautro §§	Manufacción 34 (2014) 61-26 (1986) 61-26 (19
Express C. 199.36 59.36 61.21 4 3 60753 54 57 50 3 45 70 3 45 70 6 60 60 60 60 60 60 60 60 60 60 60 60	Personally Regard Treat Furni Magast Ltd 29 Albertar Equally learning 6 [15.66   15.66   129.26   6.45   4128 Great Nat Ltd	Fraser Tst Mingt Lini (1600)F  Red Research 9	units. Used to detay machating and administrative that the managers will correctly deal on the price costs, including commission gold to interactionies. and on the cools special valuabilities. The polices shown the carried shelders produced and may not be the carried dealing levels because of an expension of the carried dealing levels because of pick of wight public are beneated by invenders.	PO Box 34, Peterhedesia PC2 DUE Prices 977-410 0410 Basingsteix, Basin
Pervitolia		ct. Saltstury, Wilst. 22 411411. Nat	BED PRICE: Also called indescribion pales. The innered price on majors are major around to leveled price at which units are said back by investors.  CANCELLATION PRICE: The calcitum FORWARD PRICING: The book of formation	Rigin inc Dist
11 Picerieté St. London FC24 24.8 077.774 25:214 America	Meetin United   1,5 25 38,00 40 43 10 Med   10 meetin   10 meeti	E Diet 5 109.09 109 12:s115.42   7.45.40   Gilt & Fissel Int 5 65.36 65.50 69.39   7.79 km   Diet 5 153.75 53 97 to 57 41,0 68440   Higher Income 5 152.40   122.71 136.50   7.80 km   Diet 5 153.75 53 97 to 57 41,0 68440   Higher Income 5 152.40   122.71 136.50   7.80 km   Diet 5 153.75 53 97 to 57 41,0 68440   Higher Income 5 152.40   122.71 136.50   7.80 km   Diet 5 154.79 54.79 54.90   12.80 km   Diet 5 154.79 54.79 54.90   12.80 km   Diet 5 154.79 54.79 154.00   12.80 km   Diet 5 154.79 154.00   Diet 5 154.79 154.00   12.80 km   Diet 5 154.79 154.00   12.80 km   Diet 5 154.79 154.00   12.80 km   Diet 5 154.70 154.00   Diet 5 154.70 154.00   Diet 5 154.70 154.00   Diet 5 154.70 154.00	ofter and this prices is determined by a fearuria taid price in the government. In practice, cours unit poics in advance of the government, in practice, cours unit poics in advance of the government are the being test imagery special a much amount operate. As a carried out. The prices appearing in the recognitive must be the major travell, the bid price is often and above they are the major recently revoked by the managers.	Lep hates Tracking 4.5 12.15 29.18 10.18 29.78   Oldston Co. 54 29.11 20.00 32.17 51.78 10.00 52.17 51
15 St. James Plazo, London Swita 14W 071, 493 51,11 Frogramme Inc. 5151, 59 15 546 17,481,822 paint Frogramme Acc. 5120 ft 24 94 22,345,822 apint Frogramme Acc. 5120 ft 24 94 22,345,822 apint incommunication for 5120 30 25,36 24,594,54 (4011), Care & Economic Sci 221,19 215 4 225,24 221 (4017), Care & Economic Sci 221,19 215 4 225,24 221 (4017).	Unicom Units) 6 44 14 44 14 46 962 76 122 Do Access UK Spoctal Sts: 4 64 64 64 56 64 56 68 68 4 93 1745 FP Pas Basi UK Spoctal Sts: 5 6 64 56 64 56 68 68 4 93 1745 FP Pas Basi UK Spoctal Sts: 5 6 65 54 80	r Dria. 5 1079-18 1074-80 115-81 1.77 (1995) 	cancellation price. However, the bid pace regist be surveyed to the cascellation price by the suseages at any face, usually in excessions to which there is a large excess of pollors of units over largest purposes. The social recent report and steams particulars, can be obtained from a comment of the comme	Reyal Chains Onto 151. https://doi.org/10.1003/mm.1001/mm.151. https://doi.org/10.1003/mm.151.
Cas & Foreign Acc   2017   2018   2012   2018   201	PPT Enrole	c Dist	TIME: The time shows alongside the band mininger's name is the fine of the earth rest's estimation point unless another time is indicated by the specified physicial to be follows: (47) — 0001 to 1100 .  The symbols are as follows: (47) — 0001 to 1100 .	Section Style
Growth Acc	PFT 15.301 39.41 39.42 40.56 0.074236 54 Unit PFT Cassin 4. 40.56 0.074236 54 Unit PFT Cassin 4. 40.56 0.074236 54 Unit PFT Cassin 4. 40.56 0.074236 54 Unit PFT Cass 0.05 0.074236 54 Unit PFT Cass 0.05 0.05 0.0742 54 Unit PFT Cass 0.05 0.05 0.05 0.05 0.05 0.05 0.05 0.	Trest Billight St. L000011   52, 115,0 115,0 117	tom system of the second of th	High Income F 54 15 9 1, 154 95,000 7.72 (1224)  Swiss Life Unit Tel Man Co Lid (12200)F let Income F 54 13.1 14 9 13.4 18 123 56 49 (1224)  Intel Income F 54 13.1 13.1 1 56,3617 49 (1224)  Intel Income F 54 13.1 13.1 1 56,3617 49 (1224)  Deter Tel Man Co Lid (12200)F let Income F 54 13.1 13.1 13.1 13.1 13.1 13.1 13.1 13.
Brewis Dividend 51, 198.60 58 65 62 34 (10.7740)78 Brews by Gishler, 51-5 140 4 140 4 149.3 b, 66 (40)79 Brewis WK & Gas 51, 199.18 50 29 12 22 8 82 (40)54	PPT Task 6.31.37 31.37 33.37(0.00)6774 PPT Cash 0177.18 77.18 77.1814234784	Cosh Account	. 19. 01 413 - 2000.	Tailine Growth F 54, 124, 124, 124, 124, 124, 124, 124, 12

EVIEW

いたないでは、対象を対象の関係を

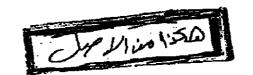
Single Service of the Service of the

A Committee of the comm

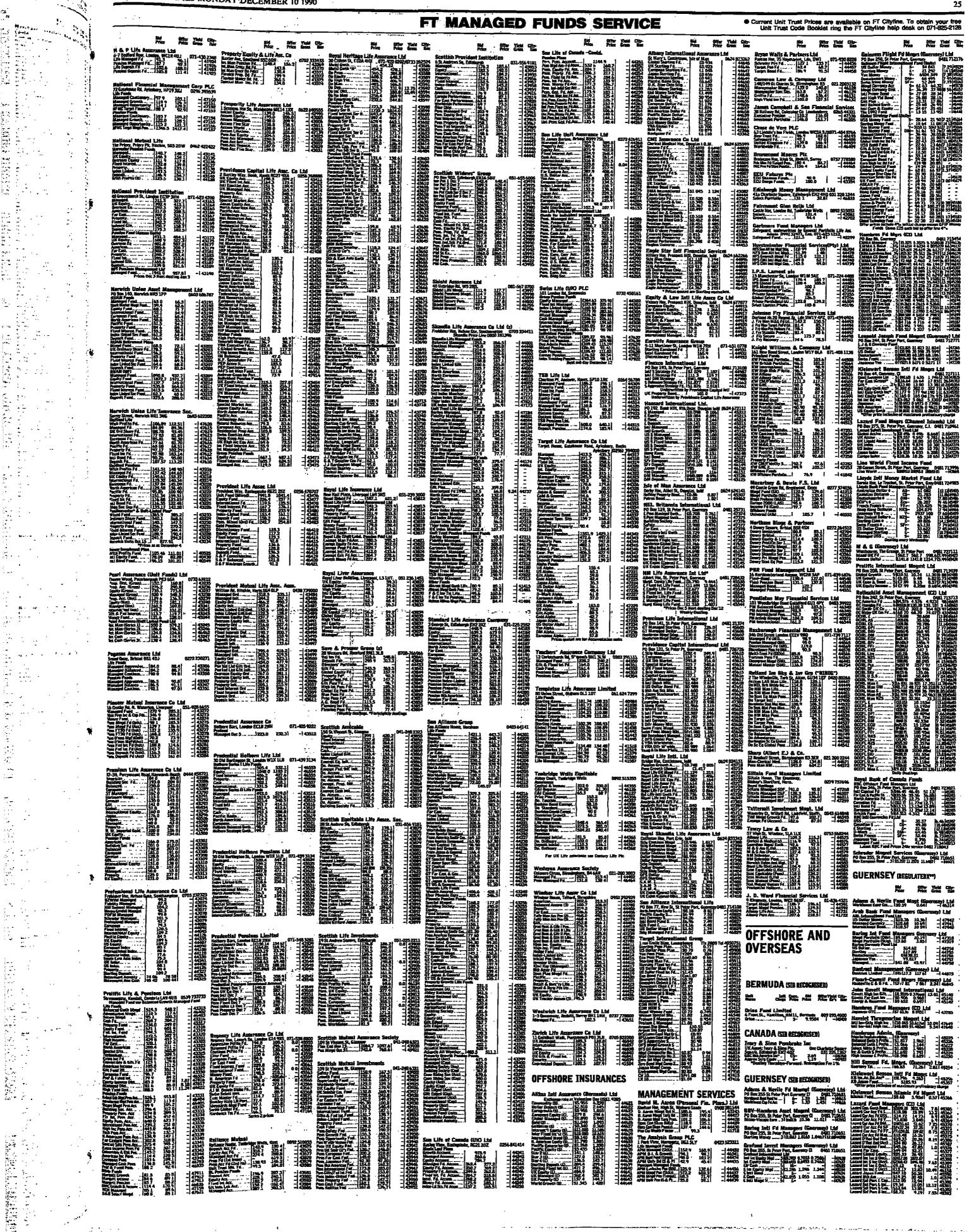
# FT MANAGED FUNDS SERVICE

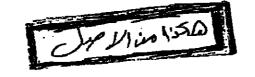
Current Unit Trust Prices are available on FY Chyline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help deck on 071-925-2126

. \_ \_ .: \_



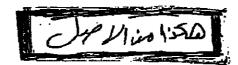






SINDAY PRODUCT

**MONEY MARKET FUNDS** 



CURRENCIES, MONEY AND CAPITAL MARKETS

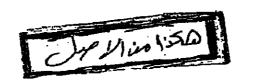
#### MONEY MARKETS POUND SPOT - FORWARD AGAINST THE POUND LONDON RECENT ISSUES **Money Market** Franc struggles Co-operative Bank Top Tier 78-89 Combill ECS CSC-0000+ 12-8 CLO 000-644 999 12-5 C2-510-64-999 12-5 CL 000-62-499 110-5 CSC-00-7990 110-5 **EQUITIES** Trust Funds THE LACK of clear intervention to defend the CAF Meiney Maxingement Co Ltd 87 Pembery Road, Tostoride TN9 2JD | 9732 770114 Gricosh Organit Fd......|14.26 | -| 15 04 | the end of October the differential between differential between three-month Eurofrancs and D-Marks was about 1% points in favour of the franc. This has slipped to about % point, but only because German rates have climbed. French franc last week left the currency near the bottom of the European exchange rate 110 24 70 73 -1 15.09 -1 mechanism. This seems hard to square with French ambitions to keep the franc in line with the D-Mark and join the group operating on a 1 per cent band of movement against central rates. The currencies For implement, climitities and societies 1100,000-C1 000 000 12 525 9 625 13 30 125,000-199 999 12 50 9 375 12 946 110,000-129,999 111 50 8.875 112 2331 Courts Company Account for climits process Three-month francs are little changed from late October, at around 10 per cent, despite falling to 9# per cent on the intervention rate cut. German 27 Suph Lane, Lancisc EC48 CAA 071-623 343 Rates recentable up to. 123 755 10.750 - - -Darlington & Co Ltd rates. The currencies Money Market rates have risen from 8% to 9% per cent. Italian rates have also been forced up to defend the lira, and the market is now looking for firm action from the Bank of France. It may not have intervened on the foreign archaes DOLLAR SPOT - FORWARD AGAINST THE DOLLAR FIXED INTEREST STOCKS | House | Harinat Organial Accessed | Institute Accessed | 121-1979 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-1971 | 121-197 Bank Accounts Latest Resunc Date Clesion Price £ UK clearing bank base lending rate 14 per cent from October 8, 1990 Paid up Gress Net CAR Her AIB Bank High Interest Cheese Accessed Between Rei Unbridge USS 15A 9000 282115 C2 550-C4,999 12 13 00 10 14 14 04 -101 83 38p 104p 121p 1105 105p 65md +2 83 350 1030 -1 117<sup>2</sup>20 106<sup>2</sup>4 +<sup>2</sup>8 100 63 hBlastird Foys 12pr Cv, Use, La. 2005. 32 h Brest Walter Capital 13pc Cv Cop Bd. 32 h Brestster Group D. Bd. Pri. 70p. 91p Pertina Foods & (Ne) Dr. 8d Pri. 100a Brestit & Colman 9-Sp. Cv 6ds 2005. 1011 h Testo Capital 9pc Cor. Cap. 8d. 2005. 43p Wysdana Errup 9, 375pc Cop. Pri. F.P. Financial & Central Bank pic 13 Loudes Siret Longon SWIN 952 071-295003 H I D A LIA000-20,000, 13 65 10 82 14 475 -29/11 28/9 City 1000s. Alticen House Bank pic 30 City Rani, ECLY 2Ay Testany Ar. Testany Ar trying to keep tightly aligned to the D-Mark on a 1 per cent basis of movement are the Dutch guilder and Belgian franc. This has resulted in the on the foreign exchanges because the French authorities do not agree that the franc is weak. It could be claimed in Paris with some justification that this is more a problem of a strong D-Mark, but the fact Girebank pic High Instruct Chegoe Acc 10 Mill St. Lostoe ECW BJH 071-400 (1.005-C1-90) 801-10-57 (4.000-C9-90) 10-57 (4.000-C9-90) 10-57 (4.000-L9-90) 10-57 (4.000-L9-90) 10-57 (50.000 12-07) 9-501-12-67 Netherlands and Belgium following German rates higher, while the Bank of France has cut its official market remains that the Dutch and Belgians are attempting to stay in the exclusive D-Mark linked club by increasing interest rates. If France does not make American Express Bank Ltd c/o American Express Figure 13 Services Unsited Subset Venote, Berryces Will West Suster, RH15 9AW 0444 250230 Hitch Performance Disease Account RIGHTS OFFERS Rising pressure on the franchas not enabled France to keep Paid Remote Date **EXCHANGE CROSS RATES** market rates down however. a similar move, the franc will remain in the second division. Before the French rate cut at DM Yes F Fr. S Fr. H Ft. Ura CS B Fr. 2888 2558 9.798 1480 1310 5.019 E IN NEW YORK 2463 1262 CURRENCY MOVEMENTS Bank et Scotland 38 Throdeede St, EC2P 2EH 48 Dahel (1990-12) 9 47 13 20 -425,000+... 12 65 9.86 13 77 -3.393 38.30 Barclays Capital Advantage Account 2514 1 3.322 2220 1.322 883.1 2.309 0.918 61.13 24.32 Barciays Prime Account H.L.C.A. STERLING INDEX 93.6 93.6 93.6 93.5 93.5 93.5 93.5 93.5 93.6 93.7 93.6 93.7 93.6 93.7 93.6 Morgan Guaranty changes: average 1980-1982-100. Bank of England Index (Base Average 1985-100). "Rates are for Dec. 6. EURO-CURRENCY INTEREST RATES BANK OF ENGLAND TREASURY BILL TENDER Save & Presper/Robert Floring 26 Wester Rd, Romford RM1 31.8. H.L.B.A. 956! 15 37 ESO,000 are assor. 125 Brown Shiptery & Co. Ltd. 57.5 9.45 13.76 57.406.9833 Sherling Bank & Trust Ltd. 57.5 9.45 13.76 57.7 Total of applications ..... Total affocated ..... Minimum accepted bid ... Affotment at minimum in **CURRENCY RATES** Caledonian Bank Pic 85 Andrew Square, Edipharch EH2 2PP 031 556 8235 FBCA 133 90 10.551 14.041 - Tyundali & Co. Ltd 79-33 Princess Victoria St. Berstol 12.75 Ph. 133 90 10.551 14.041 - Tyundali & Co. Ltd 79-33 Princess Victoria St. Berstol 12.75 Ph. 133 Ph. 1356 P WEEKLY CHANGE IN WORLD INTEREST RATES 0.708334 1.37677 1.60049 14.3803 42.3425 7.86528 2.94381 2.30567 6.93203 1539.92 181.458 8.00935 1.30545 7.68994 1.74299 0.766916 change United Dominions Trust Ltd PO Box 135, Abbry S. Razdon 261 3EB 0734 560411 Cushai Pho Cheme Account £1,000-ms Cheme Account 113.60 10 61 14.31 | -14 144 134 126852 134 10 72 711 710 780 Charterhouse Bank Limited FT LONDON INTERBANK FIXING FRANKFURT Louisers .... (11.00 a.m. Dec.7) 3 months US dellars Dae milk. byterback ...... Three months ...... Western Trust High Interest Cheque Ace The Measurestre, Physicals Pt 10 52 2441 525,000- 135 50 10 53 14,60 -55,000-54,999 13,00 10,14 14,92 -(1,000-64,999 13,00 10,14 14,94 -91<sub>2</sub> 92 104 The finding rates are the arithmetic means rounded to the nearest one-stotewish, of the bid and offered rates for SLOm quoted to the number by five reference basis at 11.00 a.m. each working day. The basis are Matthewal Westindoster Bank, Bank of Todyn, Outsteen Bank, Bangue Mattorial de Parls and fivergue Garanting Times. 器 \* Witmbledon & South West Finance PLC 114 Newste St. Landon ECI 7AE 071-406 9485 1892 tst. Chaque Acc. 123.50 10 531 14.60 E25,000 Bank PLC Clydesdale Bank PLC 30 St Viscost Place, Cassow 61 2HL H161 C0.001-5999. 12.70 8.74 12.00 120,000-699, 999. 12.70 9.52 12.13 120,000-699,999. 12.77 9.51 12.71 -9<u>/</u> 13t +년 +년 Unital d **MONEY RATES** +0.51 +0.24 FINANCIAL TIMES STOCK INDICES 95.25 94.30 95.10 94.28 94.29 94.11 94.17 93.30 94-05 94-24 93-11 93-31 92-26 92-10 83.04 90.53 1717.9 151.0 1047.33 2177.5 1003.35 82.68 90.37 1689.6 154.3 1035.59 2152.6 978.48 83.29 90.64 1723.8 150.4 1050.67 2183.4 82.58 90.13 1681.6 152.3 1032.81 2146.3 967.76 82.58 90.23 1682.8 160.2 1032.11 2149.4 958.80 49.18 50.53 49.4 43.5 61.92 986.9 948.31 82.56 90.13 1695.3 157.6 84.20 92.91 1968.3 378.5 1226.83 2463.7 1003.35 127.4 105.4 2008.8 734.7 1238.57 2463.7 1000.00 83.80 1510.4 150.4 962.09 1990.2 948.31 Ordinary Gold Mines FT-Act All Share FT-SE 100 1038.80 2162.7 973.55 ц.ц. 162-10월 **LONDON SHARE SERVICE** Clear 92.26 92.68 92.75 92.68 92.44 92.31 92.07 91.68 Dec Mar Sep Dec Mar Jun Sep **LONDON MONEY RATES** One Year Price Nut 9. Prid Last Divisions CityGeneral Control Price Nut 9. Prid Last Divisions CityGeneral Control 20.17.4.12.6 May 1/6 Cala 64.97.11.2 9 May 1/6 S 10.235 74.96.11.2 9 May 1/6 S 10.235 74.96.11.2 9 May 1/6 S 10.235 74.96.11.2 1/6 S 10.235 10.91.0 31.3 5 Rc 1/6 S 10.23 **BRITISH FUNDS** BRITISH FUNDS-Contd 13421 12121 12121 12127,1911 1014 1014 1014 12/2/12/2012 1 144 144 MALADELPHIA SE E/S OPTENS C)1,250 louis per E/) Tressury Bills (self); one-month 13% per cent; three months 12% per cent; six months 12% per cent; flank Bills (self); one-month 13% per cent; three months 12% per cent; Tressury Bills; Average tender rate of discount 12.685 p.c. (CGD Frend Rate Sterling Export Finance. Make to day November 1, 1990. Agreed rates for period Dec 26, 1990 to Jan 25, 1991, Scheme 1:4.59 p.c., Schemes 11 & III: 14.87 p.c. Reference rate for period Nov 30, 1990 to Nov 30, 1990. Scheme IV &V: 13.678 p.c. Local Authority and Finance Houses seven days matter, others seven days fixed. Finance Houses Base Rate 14 from December 1, 1990: Bank Deposit Rates for such at seven days indice, days indice 4 per cent. Certificates of Tax Deposit Series by Deposit Rates for such seven days indice 4 per cent. Certificates of Tax Deposit Series by Deposit Rates for such seven days indice 4 per cent. Certificates of Tax Deposit Series by Deposit Rates for such seven months 12 per cent; one-three months 112 per cent; one-three months 12 per cent; one-three months 112 per cent; one-three months 12 per cent; one-three months 112 per cent; one-thr is Feb Mar De 12-60 12-90 10.10 10.97 7-83 8.06 0.0 5.88 6.24 0.0 4.25 4.71 0.298 3.50 1.0 2.02 2.53 2.53 2.53 2.53 Pais 16,466 (All currocical Pais 16,466 (All currocica Jan 12.60 10.10 7.60 5.37 3.53 2.14 1.30 (b) Figures in parentheses show RPI base for indexing, (le 8 months prior to issue) and have been adjusted to reflect rebusing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for March 1990: 120.4 and for October 1990: 130.3. INT. BANK AND O'SEAS **FT-ACTUARIES WORLD INDICES** Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood **CORPORATION LOANS** Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries 45|Streingham 11 bpc 2012. | 99% | 1.0 | 17.4 | May Nov | 1837 | 40|GLC 6 bpc 1990-92. | 93 bpl | 1.6 | 16.7 | 158 | 158 pc 2006. | 189% | 0.5 | 1.3 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | Local Local % Gross Gurrency ong from DIV. Index 29/12/89 Yield Pound Sturiing Index Figures in parentheses show number of lines points (s) since show number of lines and strock process of stock and strock process process (s) since show number of lines and strock process of stock and strock process 1990 Low | Dollar | Shurling | Year | Disk | Currency | Tasp | Index | **COMMONWEALTH &** 118.98 178.57 126.67 121.24 234.05 98.91 124.98 101.38 112.24 139.04 75.73 102.98 324.53 45.91 202.34 151.50 125.51 135.51 135.51 135.51 135.51 135.61 147.25 159.58 148.89 151.11 233.26 129.44 147.71 110.18 115.80 129.57 212.87 227.37 187.35 187.35 187.35 187.35 187.35 187.35 187.35 187.35 187.35 187.35 **AFRICAN LOANS** Building Societies 60kr with Amplin 33, pc (n. 2021.) 1849 0.2 22.6 20 km 31, km 3465 500 o. 4.25 pc (l. 224...... 1. 185 y | 0.2 19.2 23 Fe 23 Amri — Wtr. 3pc 'B' ...... 53 ..... 1.8 | 1Mar 1Sep 3361 **CANADIANS** 102.93 132.92 148.95 119.06 141.33 108.75 108.46 157.85 124.91 134.37 137.08 138.74 223.29 170.59 175.60 94.60 102.87 192.75 107.82 192.05 100.82 106.06 174.18 116.03 169.06 102.89 131.31 148.43 119.26 141.81 95.00 96.19 145.62 109.94 122.59 32.09 106.30 148.72 116.03 131.88 101.19 106.89 173.77 177.12 188.65 98.07 113.47 162.00 115.37 155.44 100.76 114.89 161.84 118.04 157.68 105.22 121.87 151.59 124.31 139.16 Over Fifteen Years Over Fifthen Years 2.200 ress, 12-bg: 2003-05. [122g] 1.315\_10/218by/218bc/1286 1.800 ress. Sec 2002-064c. 81.5. [1.8] 2.9 5Apr 5Oct 1.32d 3.150 ress. 1.4 pc 2003-07. [1078] 1.4 15.6 22-bd 22-bs [229 1.406 ress 8 bgc 2007 4c. 85 31.8 [1.6] 1.6 bl.sa 1.5ba [1.29 1.250 ress. 1.3-bgc '04-08. [20.5] 1.8 [1.6] 1.8 28 28 52 54 54 52 5 The World Index (2338)... 132.92 -17.3 100.99 110.16 102.25 116.88 -22.9 2.97 130.40 99.68 109.06 100.99 115.04 162.05 118.38 157.82 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited, 1987 Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited, 1987 CONSTITUENT CHANGES: Deletions: (3/12/90) Elders Resources NZFP (New Zealand) and Mitsubishi Mining & Cement (Japan). (7/12/90) Wormald Inti.

28	LONDO	N SHARE	SERVICE
BANKS, HP & LEASING   BUILDING, TIMBER,			NGINEERING — Contd
Number   Contd	Hartet Ca. Du Stuck   Price West % 1974   Lating Gr's   5.96 Sec. Data Price 5.9   1.5 5.1 9   1.5 5.1	act Breidemis City- ad Paid (III- 7 Aeg Apr. 2443) 4.9 May Rec 2458 6.9 May 2470 1.1.5 May 2472 3.7 Apr Oct. 2755 3.7 Apr Oct. 2755 3.1.1 July Dec 2542 2.8 IlWood City 3.7 Feb Aeg 2568 89 2556 69 2756	Shock Price West % Prof Last Dividends Check opp
134 4Bank Leam! (U.K.) 358 5.7 6.8 Mar Sep 1740 37 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	20.8 Mar Oct 4397 3.19\(\text{Mar Oct 1397}\) 3.19\(\text{Mar Oct 1397}\) 3.19\(\text{Mar Oct 1397}\) 4.08\(\text{Forward Group 5}\) 4.08\(\text{Forward Tech.}\) 4.08\(\text{Forward Tech.}\) 4.08\(\text{Forward Tech.}\) 4.09\(\text{Forward Tech.}\) 4.00\(\text{Forward Tech.}\)	F(1) Dec Judy 2521 1.4 May 2522 1.4 May 2522 1.7 Mar 0ct 2525 1.7 Apr Sep 2728 1.7 Apr Sep 2728 1.7 Feb Aug 2321 1.3 September 2130 September	OD, GROCERIES, ETC  127
175   Espirito Sarto   1.64   0.8   2.3   - 0.8   2.57   47   0FNFC 6.3 sec 0 Pi   97   10 8.785 6   10 8   257   10 8.785 6   10 8	10.200.600000 30	1.3 May Sep 3107 7,081 dessen 3107 7,7 Feb Aug 3230 149,7 Berdolf 10 2772 856,6 Bonker 19,9 May 06, 1144 125,9 Berde 20,1 1,7 September 20,2 1,1 1,9 September 20,2 1,1 1,1 1,1 1,1 1,1 1,1 1,1 1,1 1,1 1	Criss 10p. v 96 3220.81 Agr Oct. 1800 1811 1811 192. agr 28 by 9.6 \$2712 Agr, Oct. 1800 1831 192. agr 28 by 9.6 \$2712 Agr, Oct. 1800 1831 192. agr 27
10   10   10   10   10   10   10   10	11.6   Jurke Dec. [1433]   7.3   3.1.5   4.9   10.0   2.0   10.0   2.0   10.0   2.0   10.0   2.0   10.0   2.0   10.0   2.0	1 AND AND 1201-1 77 155	"H-V" 152 -0.7 8.88.10 May Nov 2164 ct MIN 100 ct 75 23.010 1 9.7 Jan 101 229 min 105 5. 69 4.2 9 12 10 229 min 15. 69 4.2 9 12 10 229 min 15. 69 4.2 9 12 10 229 min 15. 69 4.2 9 12 10 20 20 20 20 20 20 20 20 20 20 20 20 20
59 3] Do £1 N/V	10.9 May Nov. 2885 3.55 Japaneserus 24 4 4.4.1.91.1.3.1.3.6 June 2903 4.7.91.1.1.1.1.1.2.1.2.1.4.1.2.1.2.1.2.1.2.1.	Sept Mar. 5369 383. dFyrfres ir. 5869 190. dGeest 59 28. d 110 Oct. 59 29 20. dGeest 59 20. dGeest 5	John
9 36 36 36 36 36 36 36 36 36 36 36 36 36	6.8 Apr Sept. 3778   94.79° & P.109	66 Feb Aug (775) 7 Jan. Oct. 15629 75 Jane Dec 15629 75 Jane Dec 15629 75 Jane Dec 15625 75 Jane Dec 1563 8 Apr. Oct. 1563 9 July Nov 1563 9 July Nov 1563 70 July Nov 1563 71 J	309.2 V.5 4.1.2
23.3 Startestroot streety 1. 1345.1.1 Feb. Am. (2022) 740.8 Argos (0p	1.8106 7/spcfr0a 8197.y   640   1.125.	6 Jan Jul 5136 179, 9Perdis F 6 179, 9Perdis F 7755 1.43Ptarrolga R 179, 9Perdis F 7755 1.43Ptarrolga R 1751 1.43P	noti v 116 4.110.9 Gc May 3638 1242. v 15 -6.3 4.414.5 Jan Jul 3734 290 25 6.025.5 Jan Jul 3734 216.1 Jan July 4173 216.1 Jan Jul 4174 216.1
1.022.7   Aug Jan 2015   2.978   2.9	10   10   10   10   10   10   10   10	9 May Nov. 4159 9 May Oct. 4104 1 May Oct. 4104 1 May Oct. 4104 623.5Uninate 624.5Uninate 625.5Uninate 624.5Uninate 625.5Uninate 625.5Uninate 625.5Uninate 626.5Uninate 627.5Uninate	79
43 5 Morrand	1.10   Nov Nazy   697/8   7.49  Standard Plat 100   V   125   2.5   -1   1.1   Jan 101/2   2178   1.36  Star Campus   1.0   V   125   2.6   -1   2.7   2.0   -1   2.0   2.0   -1   2.0   2.0   -1   2.0   2.0   2.0   2.0   2.0   2.0   2.0   2.	July 4,32 sAberdem 78,4City Centro 1864 Control 1964 Cont	Rest 6 42 2.4 4.020 8 Jun Oct 1796 Lets, 5p. y 14 77, 4.820.8 0.00 ber 274 sen 10s. 6 222ad 2019.11 Jun Aug 2637 Letar 25p 18 25, 79.7 Jung Jun 162 18 25, 79.7 Jung Jun 162 19 25, 79.7 Jung Jun 162 10 25, 79.7 Jun Jun 162
203   -0.5   6.2/22   10   105. July   1599   597. Section   10.3/2   10.	5.21 Mar Dec 5313 11.1 [Horse F. W.] 10p.   86x 11.02 298.16 279.5 288 8.7 11.29 2.9 1.00 2.00 2.28 8.7 11.29 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2	Justo De. 4229 255 Santy No.  - 3314 139,8 Statts 109 Apr Oct 4376 Apr Oct 4358 Apr	1008 533 5.11 1.029 5 May 5881 14.74 1008 533 5.1 1.029 5 May 7938 1.02
27 Staggering Srior. y 3 -6.5 S.6.25.6 Peo Aug 1.725 3.5 Staggering Srior. y 180 1.1 1.51 1.2 48 Saldwin 100 y 77 4.4 b.8 Apr Oct 1.725 1.1 1.0 Hetere 100 8 15 d -3 217.51 1.2 48 Saldwin 100 y 77 4.4 b.8 Apr Oct 1.725 1.1 1.0 Hetere 100 8 15 d -3 217.51 1.2 48 Saldwin 100 9 77 4.4 b.8 Apr Oct 1.725 1.1 1.0 Hetere 100 8 15 d -3 217.51 1.2 48 Saldwin 100 9 77 1.2 48 Saldwin 100 9 77 1.2 48 Saldwin 100 9 77 1.2 48 Saldwin 100 9 8 122 0.8 5.9 4 12 1.	100   Stay Nov   2016     130   Stay Nov   2016     130   Stay Nov   2016     131   Stay Nov   2016     131   Dec July   2006     132   Stay   2006     133   Stay   2006     134   Stay   2016     135   Stay   2016     136   Stay   2016     137   Cichole   2028     138   Cick   2018     149   Stay Nov   2028     149   Stay Nov   2028     150   Apr Oct   2037     150   2008   2008     150   Apr Oct   2037     150   2008	96.7 (ADT 90.0) 247. (ASEA AS K. 247. (ASEA AS K. 247. (ASEA AS K. 247. (ASEA AS K. 248. (ASEA) 248. (ASEA) 249. (	55. \$24\$\\ 4.7\\ 2.523.5\\ \text{ June }\ 1528\\ 2.523.5\\ \text{ June }\ 1528\\ 2.523.5\\ \text{ June }\ 153\\ 0.8\\ 9.023.7\\ 0.6\\ 0.6\\ 0.7\
135 400 75 pp. Creb Pt. V 135a 3 4 8.819 11 Dec July 1855 9.79 De Nor-Vij. V 225 1.24 1.46 23 4800 (Hear) 50p. 8 448 0.9 6 422 10 Jun Nor 1874 1002 Riboro Gemiss 50. 8 184 -1.6 2.08 23 48 revendo. V 23 -2.4 6 8749 102. Hugy 1941 102. Riboro Gemiss 50. 8 184 -1.6 2.08 23 48 revendo. V 23 -2.4 6 8749 102. Hugy 1941 102. Riboro Gemiss 50. 8 184 -1.6 2.08 23 48 revendo. V 23 -2.4 6 8749 102. Hugy 1941 102. Riboro Gemiss 50. 8 184 -1.6 2.08 23 48 revendor. V 23 -2.4 6 8749 102. Hugy 1941 102. Riboro Gemiss 50. 8 184 -1.6 2.08 23 48 Riboro Gemiss 50. 8 184 -1.6 32 15 15 15 15 15 15 15 15 15 15 15 15 15	1.00 May New 3163   56.7   7.6   7.0   7.6   7	Apr Oct 1525 43 Jänner Grou Kor May 1643 57 (Jacque Itra) Korember 1643 57 (Jacque Itra) Hay Kor 1858 157 (Jacque Itra) Jan Aeg 157 (Jacque Itra) May Kor 1724 0.62 Arrey May Roy 1728 5.64 Arrmor Tra Jan Jot 1836 6.80 Sept Et Lance 18	als 10: \( \frac{1}{2} \) 3.1(29.5) dan July 1660    10: \( \frac{1}{2} \) 1.10 \( \frac{1}{2} \) 1.13 \( \frac{1}
3 75 (Coxyr Chart Graith 9 537 - 3 6) 11.3 6 8 Agr Oct 5295 16.6 (Particle Fine Arts 10s. 9 75) 2.7 6 2.9 1940 (Coxyr Graith 6) 9 28 4 827 12 1 223 148. (Pentra 100. 9 14 - 0.9 2.6) 1342 3 (Coxtam Graup 8 192 - 3 0 8 5) 24 9 July Nov 2246 23. (Speep Grant 10s. 9 8 4 3 9.82 236 14 5) 23. (Speep Grant 10s. 9 8 4 4 3 9.82 246 25) 15 (Speep Grant 10s. 9 1 4 5 9.23 7 Speep Grant 2248 25 15 15 15 15 15 15 15 15 15 15 15 15 15	122 - April	Jan. July 2116 Apr Occ. 2017 Jan. May 2162 Jan. May 2162 Jan. July 2210 Jan. Sept 2222 July Feb 2235 July Feb 2235 July Feb 2235 July Feb 2236	Sen May 151
13 1/2 Sent Group 19 15 - 2-5 / 10 20 8 January 2903 7 (25 Sent Group 10p v 30 - 5.711 22 20 12 (25 Sent Group 10p v 30 - 5.711 22 20 13 Sixtered 9 213 - 1.3 S.1.6 8 Agr Sept 2508 52 Sent May, M.1.4 Stor a 324 0.3 4.01 13 Sixtered 10p v 10p 11 11 16 52 3.11 Feb Aug 2512 2512 15 Sent May, M.1.4 Stor a 324 0.3 4.01 15 Sept 12 Sent May 20 15 Sent May, M.1.4 Stor a 324 0.3 4.01 15 Sept 12 Se	1.5   1.5	23.17 23.68 BTR Nyles i September 2119 2 394-875 10p. July 292 199.88 Satri (Wm. July 2010 1.148-876 Wiled July 2010 1.148-876 Wiled July Roy 2401 9 53 Barlo Group Aug 545 2415 99 Blancti (Feb. Jul Jan 2606 65.88 Barry Welst Nov Jun L. (200 484-88 Blanch Fel' in Jul Jan 2606 35.98 Blanch Fel' in July Roy 2611 4.58 Besslox 10p. July Roy 2611 4.58 Besslox 10p.	\$30.50. 102 -1.9 4.35.11 Nor May 4857   13 -1.33 7.721.88 Nor Feb 1999   15 00 8 2154   3.4 5 219.11 Jan July 17.33   15 00 17 1 0.16 3.3210 July Dec 1990   17 10.16 3.3210 July 17.65   17 10.16 3.3210 Ju
3 O 33 Hery & Croft 25p v 25 8 7 812 2 - 2880 51 O 4 Wyeeale 66e, Cre., v 123 1 2 - 92 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	3   May how	July Dec. 26.99 28.8 Bestsraws 0 Jul Dec. 2799 11 38.1 Bluby (J.) 5 Johy Rev. 2799 3.80 Bestsraws 0 July Dec. 2850 34.7 Bluses: Link July Dec. 2850 44.7 Bluses: Link July Dec. 2850 47.8 Bluses: Link	100
17   Slamp   Lohn     264   -1.5   6.524.9   Nor June   31.22   1.52	1.9 Ja Ao Ji Oc 1546 15 12 Invest. 124 -1.6 60 10.9 1.9 19 October 9800 5.10 Do. N. Sp. V 17hr -5.612 519.11 10 Apr Nov 1804 5.1.0 Do. N. Sp. V 17hr -5.612 519.11 10 Apr Nov 1804 5.1.1 Alog 5p. B 102 4.525.6 16.3 MFS Interval 10p. B 102 4.525.6 16.3 MFS Interval 10p. B 68 9.2 9.7 17hr 15.7 Sep Jan 1647 17 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Oct May 3167 74.3 Brammer 20.  Jan. July 3176 4.60 Peleranten Hit Jan. July 3176 4.60 Peleranten Hit Jan. July 3176 4.60 Peleranten Hit Jan. July 3246 57.0 Peleranten Gront Jan. 325.  Jan. Ber. 3220 52.0 Peleranten Gront June 2336 3.0 Peleranten June 2336 3.0 Peleranten June 20.6 Peleranten June 20.6 Peleranten June 20.6 Peleranten July 326 Pel	9 # 173 2.9 9.924.9 Johy Oct. 1938 e 100. y 46 9.710. 9 Are Oct. 2204 p 100. y 31 -3.1 4.38.10 Rev May 1948 p 100. y 31 -3.1 4.38.10 Rev May 1948 p 100. y 58 8.719.11 Are Nov. 1951 250. e 551 4.8 5.324.9 Rev May 134. 1950 ti Pr y 874 4.811.919.11 Je Jan 1952 p 100. y 124 2.5 2.3 4.82.10 Jone Rev 1950 e 1654 y 125 2.3 4.82.10 Jone Rev 1950 e 1654 y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 125 2.3 4.82.10 Jone Rev 1956 ki Pr y 135 2.3 4.82
72   14   620   5   64   75   75   75   75   75   75   75   7	22 //Ransones 9 73 1.1 8.822.9 9 73 1.7 8.102.4 9 9 13.5 10.5 to 12.5 10.5 10.5 10.5 10.5 10.5 10.5 10.5 10	Agr Sep 2942 7,547.28. H. Prop. 9 May Nov 3779 10.888/receptum Rid Agr Oct 5279 11. 488/receptum Rid May Rov 3821 22.888/receptum Rid May Rov 3821 22.888/receptum Rid May 0ct 3822 9.788/Receptum Rid May 3886 996. 00.018 Preceptum May 3886 996. 00.018 Preceptum May 3897 40.812.71 Group 7. Agr Oct 3927 13.75.35.SR AS1	AL 425 1.0 9.35.11 Nov Jun 1973 5215.4 648 3.4 4.61.10 Jul Jan 1953 525.3 95 -2.1 6.16.10 Nov May 1976 525.3 95 -2.1 6.16.10 Nov May 1976 525.3 95 -2.1 6.16.10 Nov May 1976 525.3 95.3 95.4 525.3 95.5 95.5 95.5 95.5 95.5 95.5 95.5 9
8 oriologationti 50 v	.8 Oct Apr   1364   128.5 Spirax-Sinco	Jun Dec. 4076   46.3(Laparo lads.) Aug. Jan   4102   99.5(Lapa	0 9 54 -0.9 7.710.9 Nor Jun 2059 7.0 7.0 7.0 5.0 1.0 Jan Ang 2061 7.7 1.3 355 9.2 3.2 6.8 0ct. Apr. 2062 9 1 159 -1.9 2.124.9 Nor May 4348 12 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
4 12/65/orch Grp	8 April Oct. 2331 41.7ffriptes Lloyd	October   5.19(Celestion 20)   Feb Aug   4929   9.24(Cert. Sicrewo 20)	7-14 0.3 14.8 Oct Apr 2107 50. 7 73 8.0 10.9 Apr Oct 5327 835 183 4 04.7 2.3 La Ap. Ja 1802 130 59. 18 172 4.4 6.2 24.9 Nor May 2132 7 133 3.9 6.0 25.6 Feb July 2160

INDUSTRIALS (Miscel.) - Contd | INDUSTRIALS (Miscel.) - Contd. INDUSTRIALS (Blocd -) - Certal

The state of the state of

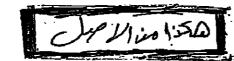
. - - -

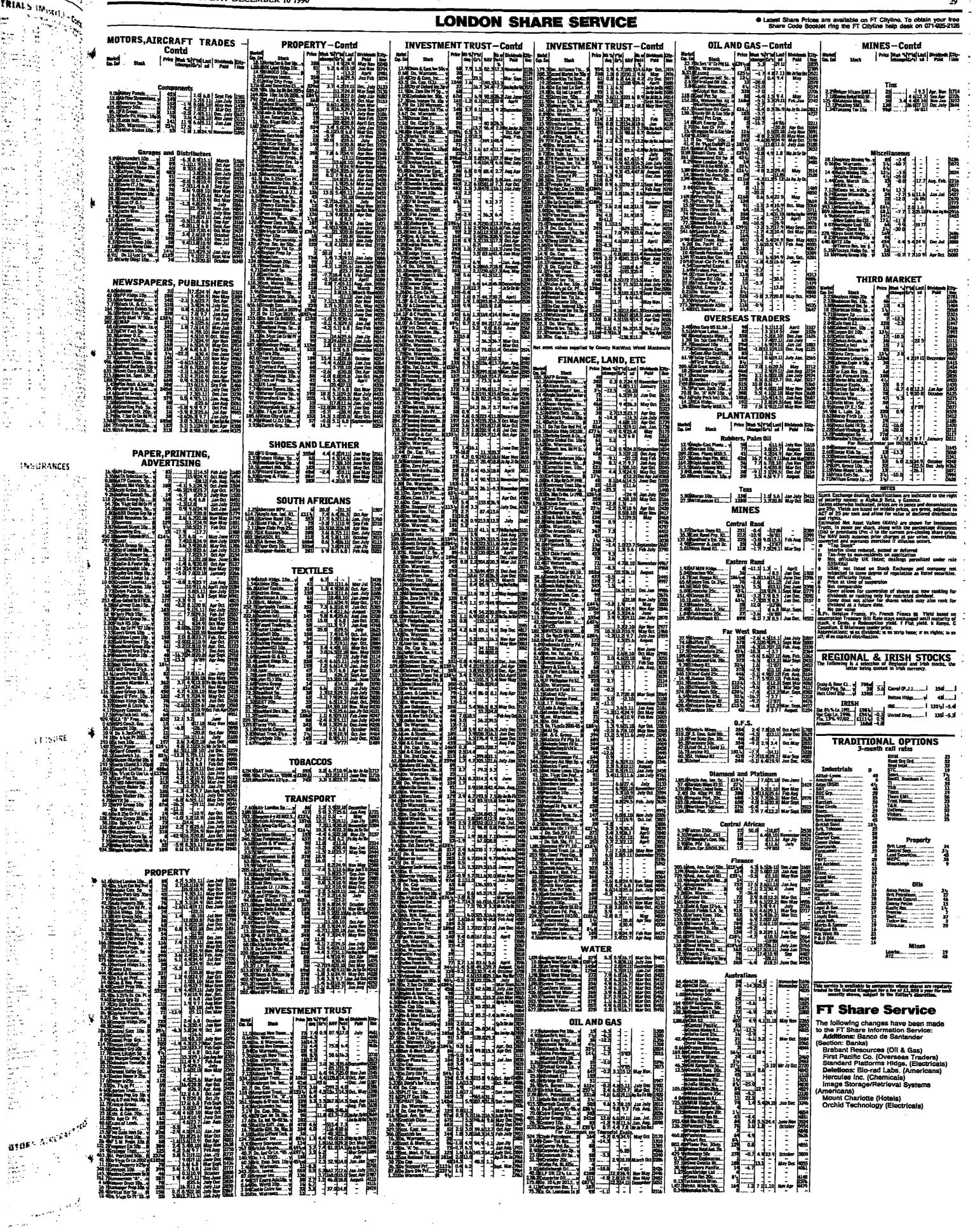


Sillan in Charles

INSURANCES

AT INDIAE





AmSign AT&T

# YORK STOCK EXCHANGE COMPOSITE PRICES

10<sup>1</sup>4 18<sup>1</sup>4 43 224 15% 9 13% 14% 214 12 4 38% 9-120 37% | Self-condition | Self 

Const Class

Const 224 GSU pri 104 NEE 1.50 104 NEE 1.54 105 Nea.51 105 

17.75 44.55 7 12.664 5.44 5.45 12.64 12.65 12.65 12.74 12.74 12.74 14.55 12.54 12.74 14.55 12.74 15.54 12.74 12.74 12.74 12.74 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 12.74 12.75 7 1-16 (V) Op
7 3-16 (V) Op
7 9 iq 10. 42178 -M - M - 467 55 13 21 8 775 1,0 25 3494 7,7 13 225 153 7,1 14 x155 24 224 March pol. 256

14 224 March pol. 256

15 77 March pol. 256

16 77 March pol. 256

17 75 March pol. 256

17 75 March pol. 256

18 77 March pol. 256

19 77 March pol. 256

10 77 March pol. 256

11 77 March pol. 256

12 77 March pol. 256

13 77 March pol. 256

14 77 March pol. 256

15 77 March pol. 256

16 77 March pol. 256

17 78 March pol. 256

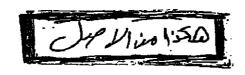
18 77 March pol. 256

19 77 March pol. 256

10 77 March pol. 256

1 

8 OHM Cp 9-150 alded 64 Quiewed 68 174 October 2.50 164 Quiewed 174 October 2.50 164 Quiewed 175 October 2.50 164 Quiewed 175 175 PHH 1.20 6 PHM 1.2 154 PMC 2.12 155 PMC pED.80 244 PMC pE2.00 244 PMC pE2.00 344 PMC pE2.00 142 PM 1.00 255 PM Grp .00 142 PM .00



# Continued from previous Page NYSE COMPOSITE

201 18 UNICE PERSON
21 18 UNICE PERSON
22 UNICE PERSON
22 UNICE PERSON
23 18 UNICE UNICE
25 18 UNICE UN

# 185 Pupuli 1.78 6.2 11 812 85 Pupuli 1.78 6.2 11 812 85 Pupul 1.78 6.2 11 812 85 Pupul 1.23 12. 1748 85 Pupul 1.23 12. 1748 85 Pupul 8.1 1.3 225 14 85 Pupul 8.1 1.3 225 14 85 Pupul 8.1 1.5 713 1704 85 Pupul 8.2 234 85 Pupul 8.2 234 95 Pupul 9 

| Section | Sect 

25 Winning 10; 255 Winning 10; 255 Winning 10; 255 Winning 1,72 6; Wolve W. 16, 224 Wolve W. 16, 225 Winning 12, 225 Win 2430125151991524 002254 81319 71751210

18 L WICOR 1.44
13 2 WMS
120 WPL H 51.74
4 Weban
18 Weban
18 Weban
18 Weban
18 Weban
17 Weban
20 3-16Wash 6.14
39 Weban
21 5 WarCS 5.50
22 WMCS
25 WarCS 5.50
21 Weban
26 Weban
27 Weban
26 Weban
27 Weban
28 Weban
28 Weban
29 Weban
21 Weban
21 Weban
22 Weban
22 Weban
22 Weban
22 Weban
23 Weban
24 Weban
25 Weban
25 Weban
25 Weban
26 Weban
27 Weban
27 Weban
28 Web
29 Weban
29 Weban
21 Weban
21 Weban
22 Weban
22 Weban
23 Weban
24 Weban
25 Weban
25 Weban
26 Weban
27 Weban
27 Weban
28 Web
29 Weban
29 Weban
29 Weban
20 Weban
20 Weban
21 Weban
21 Weban
22 Weban
23 Weban
25 Web
26 Web
27 Weban
27 Weban
28 Web
28 Web
29 Web
20 Web
20 Web
21 Web
21 Web
21 Web
21 Web
22 Web
23 Web
24 Web
25 Web
26 Web
27 Web
27 Web
28 Web
28 Web
29 Web
20 Web
20 Web
21 Web
21 Web
21 Web
21 Web
21 Web
22 Web
23 Web
24 Web
25 Web
26 Web
27 Web
27 Web
27 Web
28 Web
28 Web
29 Web
20 Web
20 Web
20 Web
20 Web
20 Web
21 Web
21 Web
21 Web
22 Web
23 Web
24 Web
25 Web
25 Web
26 Web
27 Web
27 Web
27 Web
28 Web
28 Web
28 Web
28 Web
28 Web
28 Web
29 Web
29 Web
20 W

2914+ 714+ 714+ 714+ 715+

STOCK STOCK

.06e ! 1.60 ! .50 .

.40e .92 .84 .60a

BBAT S BA
BGS 60e
BHA B BI Inc
BMA 1.20e
BMC ST S
BSB Bep 72
Babage
BMS 180 BHS BMS 72
Babage
BMS 180 BMS 72
BMS 180 BMS 72
BMS

2 12 26

31 ½ - ¼
23 ¾
30 ¼
8 + ⅓
28 ¾ - ¾
28 ¾ - ¼
53 ¾ - ¼
11 ¼ + ⅓
15 ¾ + ¾

**AMEX COMPOSITE PRICES** 4pm prices December 7

P) \$100 Night Learn | 1000 Night | 1000 Nigh Shook Ohe.
Shook Ohe. .004 .004 ,44 ,40

Stock Div.

Dishwith Dallary

Dallary Coulder 7.76
Gradeo 220
Hacello 10
Handea 220
Hacello 10
Handea 220
Hacello 10
Handea 230
Hacello 10
Handea 230
Hacello 10
Handea 30
Hacello 10
Handea 30
Hacello 10
Handea 10
Hand

LDDS s
LDD Cp
LDD Cp
LTX
LVAH 1.57e
Lapete 2.38
Lamite 2.38
Lamite 3.40
Lamite 3.40
Lamite 3.40
Lamite 3.40
Lamite 3.40
Lamite 3.40
Lamite 1.10
Lamite 3.40
Lamite 1.10
Lamite 1.12
Lamite

**NASDAQ NATIONAL MARKET** 

| Second | S 27 % 11 % 3 % 16 % 5 Topps 20 15
Trinkin 20 15
Trin

WEEKEND FT Advertisement Rates Per line (min. 3 (lines £ 7.00 11.00 6.00 15.00 11.00 2.50 38.00 22.00 36.00 50.00 38.00 28.00 49.00 FINANCIAL TIMES
HUMBUR DNE SOUTHWARK BREDGE,
LONGON SET SHIL

single col cm thin 3 cms £ 30,00 44,00 Residential Prop (mano)
(Fall Colour)
(Spot Colour)
Per Colour)
Per Colour)
Per Colour)
Per Colour)
Per Colour)
Per Colour)
Perconal , Mail Crote,
Appeals , Education,
Modern, Travel
Diversions
Weekend Business
Arts, Collecting
Art Balleries
Books Page
Books Page

Shock Div. i winder vicinitar vicinitari vicinit

ana transmission

# **Thinking** man's leader

Dr Jonathan Sacks, Britain's chief rabbi-elect, speaks to John Lloyd

he man who will soon be Britain's Chief Rabbi, Jonathan Sacks, says the world stands at the head of a moral and cultural shift so profound that future generations will look back upon these closing years of the millen-nium with awe and wonder. He is currently conveying this, carefully and with an erudition self-conscious, in the BBC's

Reith Lectures.
Rarely can the lectures have been used for a proposition as vast as his. The last divine who was given the space, Dr Edward Norman, in 1978, then dean of Peterhouse, Cambridge, used the opportunity to insert a delicate stiletto into the pretensions of those of his fellows whom he found too pol-iticised. It was contentious, but not ambitious: Rabbi Sacks is hugely ambitious, and contentious only as an afterthought. His appearance and some of his responses do not prepare you for the challenge he is now sending out. He is a pleasant man who lives in a nice semi-

Green in north-west London and drives a Ford Sierra. The only apparently remarkable thing about him is his age – 42 – but even that only so to a non-Jew. British Jewry has had five chief rabbis since 1845, giving them an average of 29 years in office. Even with longevity, it meant they were appointed relatively young.

Rabbi Sacks is anxious not to assume the mantle of Lord Jakobovits, whose place he takes as chief rabbi on the latter's retirement next year, as Mrs Margaret Thatcher's favourite religious leader. Yet he echoes his predecessor in saying that "Judaism is a reli-gion about individuals". He about Israel - though he adds that he has sympathy with those who "distrust the terms under which peace may offered" by the PLO.

He is concerned by the continuing decline of Anglo-Judaism, mostly through intermarriage. And he must attempt to draw together the sectarian divisions within the Jewish community - professing mild optimism in this task, saying that "we are now at the limit of internal disunity." In many things, it seems, a calm, analytical intelligence is the style

being proffered. It is thus harder to believe his central message - that we are approaching a new epoch - than if he had been speak-ing with the fevered tongue of an American evangelist or the

ast week, France's Gaullist party stepped into the breach left by the

fall of Mrs Thatcher, picked up

the nationalist banner that she

had made her standard, and

adopted a new European policy declaration fiercely denounc-

ing the federalist schemes of President François Mitterrand,

Mr Jacques Delors and other Community enthusiasts.

the impassioned dramas of the

1960s, when General de Gaulle himself was waging war against the supra-national

ambitions of the Brussels insti-tutions, and trying instead to turn the Community into an old-fashioned alliance of sover-

What makes the Gaullists'

stand especially curious is its revivalist aura. For the past

five years, they have hidden their traditional hostility to the Community behind their reluc-

tant conversion to the eco-

nomic logic of the single Euro-

pean market. In the 1988 presidential election campaign,

all the respectable candidates,

including Jacques Chirac for the Gaullists, mouthed similar

slogans in favour of Europe, avoiding any real debate on

the details of this Europe.

Their latest re-statement of atavistic hostility to the Com-

munity is thus an odd throw-

They claim that their posi-

tion is justified by the new realities. General de Gauile's

prophetic image of a Europe from the Atlantic to the Urals

has now come true, and it vin-

dicates his ideal of an associa-

tion of independent nation-

states. There is no military

threat from the east to require

close integration in the west;

there is no cold war to justify the exclusion of the countries

back to an earlier era.

eicn nation states.

It seemed an eerie re-make of

Rabbi Sacks's care is Jewry. and though his point applies, more or less, to other religions as well, he would insist that no as they were to be Jews, whether believing or not. Thus this new order affected them

uniquely.
In the 19th and much of the 20th century, he says, "most Jews were in flight from their Jewishness." A period of attempted assimilation then set in, to which some of the they soon found a terrible dilemma – one of the "deep wounds" of the enlightenment. The Jews all became Marranos (the name given by the Spanish to those Jews who, between the 14th and 16th centuries converted to Christianity under pain of death or torture: it means "swine"). They had lost community and could not find either a secular or Christian home. They were lost

Here, Rabbi Sacks makes a remarkable comment: he says that Spinoza, Durkheim, Marx, Freud, Kafka and Wittgenstein (and others), all enlightenment men cut adrift from community, were driven to create their intellectual or fictional systems by the pressures of their own alienation. In other words, these vast empires of thought stood on foundations of tremulous uncertainty. When I put this back to him,

"Yes. It is a tragic chapter in Jewish history. I don't agree with Spinoza that man is part of nature. I don't agree with Freud that religion is a nervous disorder. I know these people produced formidable achievements. I am enriched by them. But they are wrong.

he affirmed his view.

for Jews, turned out to be a delusion. Religious discrimination was replaced with secular anti-semitism - ultimately a much more murderous thing, when allied to modern technology and the distorted cult of the Ubermensch, or Superman. The possibility of a neutral society died, finally, at Auschwitz," observes Rabbi Sacks. without a display of emotion.

It is almost a diversion in the sweep of the Rabbi's thoughts to note that he does not view anti-semitism, at least in Britain, as a matter of huge concern. It does not figure as more than an aside in the Reith lectures. Why not, at a time when commentators point to its gathering force in eastern Europe and elsewhere? Rabbi Sacks's answer is twofold. He allows that if Presi-

IAN DAVIDSON

on Europe

which make up eastern

Europe.
The problem with the Gaull-

ist position, like that of the Thatcherites, is that it does not

meet the tests of history or

logic. The General slowed

down the Community's devel-opment, of course, but he failed to change either its nature or

its direction. His spiritual suc-

cessors will fail, too. The Euro-

pean Community's develop-ment is still accelerating, and

nobody can determine in

advance how far it will go. The first Gaullist-Thatcher-

ite fallacy is to imagine that it

is possible to pre-empt the

course of history. The original Community was founded on the proposition that Europe

should be able to exercise cen-

tral control over two strategic resources: coal and steel. Forty

years later, that idea seems ridiculous in all its parts.

Today we have a quite differ-ent driving idea, which is that the Community should provide

a free and stable economic

environment for the operations of a liberal market. This idea,

too, may succumb to the flow

of history; but for the moment, the result of it is that the Com-

munity is continuing to move



'Judaism is a religion about individuals'

dent Mikhail Gorbachev falls, and chaos results, then the signs of increasing anti-semi-tism will likely turn into something much worse.

"This is again an example of what Jews always fear and what they always shrink from - the collapse of central authority." But in Britain, he says, there "is a danger of being obsessed by it. We must make distinctions between what happens in a stable democratic order and what happens when these conditions are not present." Further, he is very much against Jews seeking to define themselves by others' hatred, a definition which

#### PERSONAL FILE

1948 Born in London. 1966-71 Graduated from Cambridge University (moral sciences); postgraduate

studies at New College, Oxford. 1973-76 Rabbinical studies at Jews' College, London. 1978-82 Rabbi of Golders

Green synagogue. 1983-90 Rabbi of Marble Arch synagogue. 1984-90 Principal, Jews' College, London. 1990 Chief rabbi-elect.

Jean-Paul Sartre, writing immediately after the war, elevated as their *only* defining characteristic. "It is an inver-sion. We are not chosen for the love of God but for the hatred of the world "

This in turn links back to his main theme. After the Holocaust, he says, there was a "kind of silence" for some 20 years. But in the past 25 years, Jews began thinking again. They realised that there is no escape from Jewishness, and that "the limits of secularisation had been reached". Of course, those who define them-selves by the "hatred of the world" still exist. But increasingly this negative, even

in a federalist direction.

This is not to say that it will necessarily end up as a fully-fledged federation, with all the

powers and trimmings; let alone that it ought to become

one. At this stage, who can possibly tell? But it is obvious

that a large majority of the member states are now firmly

set on a process which they intend shall lead to Economic

and Monetary Union, and if

that is not a vast step in the

direction of a federation, it is hard to think what would be.

erite fallacy is a misrepresenta-tion of the meaning of the

word "federation", perhaps because it is misunderstood. To

listen to Mrs Thatcher's dia-

tribes, you would think that

there was a conspiracy among

a coven of continental grem-

lins, whose purpose was to make off with Britain's vital

bodily fluids, and use them to

create a vast European super-

Well, this is not the place for

yet another lengthy disquisi-

tion on the meaning of the

word "subsidiarity", and there is more than one way of con-

structing a federation. But if a

European federation should be

created by the members of the

EC, at least two features of the

process can be taken for

granted. First, the federation

will only have those powers which the member states agree

to hand over, second, very few

of the member states will vote

to disappear in a puff of smoke.

Thatcherite panic in the face of

the evolving Community is

that they come from the two most super-centralised unitary

states in Europe, and they

understand nothing else. Mrs Thatcher's principal contribu-tion to British constitutional

The reason for the Gaullist-

The second Gaullist-Thatch-

Gaullist demonology resurrected

self-destructive, image is coming to seem inadequate.

of belief without loss of the tol-

erance which the enlighten-ment brought. That is what I speak for. It is a slender possi-

bility, but you have to consider the alternatives. The alterna-

tives, if we cannot rediscover

this faith, is that we pass into an age in which we have no beliefs which can withstand the fundamentalists."

Here is a vision at once exhibitating and bleak. It is wholly at odds with the reli-

gious project which has been proposed by the Anglican and other British churches in the

assumption that the churches

assumption that the chirches can continue as a peripheral provider of a kind of higher social service. What he is saying is: either religion now makes a claim on the soul of

mankind, or it is nothing -and if it does not or cannot, then we are on a moral decline.

He is saying this to us all, Jew or gentile: do you know why you are living? How many can answer him?

about the Jewish experience but comprehends all religious experience. The age must be lived in as it is; there is no way back to a traditional never-never land, or in the Jewish case, to the ghetto. Nor, he stresses, is there a way out through extremism. Religious fundamentalists are at war with the various forms of the enlightenment which have threatened the basis of their moral orders: for Jews, assimilation; for Moslems, westerni-

To take on these foes, fundamentalists must not enclose themselves in religious walls but must take up a position from which they assault the basis of liberal, pluralistic soci-eties, seeking to ensure that society makes its laws and custo the fundamentalist moral

To the enthusiastic secularists of the 19th and 20th centuries, this was an inconceivable threat. Religions were implicitly assumed to be losing in the struggle with secular, liberal values - or at least assumed to know their place. But Rabbi Sacks's message now is that this is not enough. Secularism no longer commands the force to withstand the fundamentalist challenge: the individual, and the state as a holder of the ring, arbitrating between con-flicting interests, no longer provides us with meaning. Only religion can.

But how can it do so without descending to the level of a new tyranny? Here, the analytical sweep becomes less sure of itself. The diagnosis, in giving way to a prescription, loses its edge. "There is a slender possi-bility of a stronger religious faith, of a faith which can rec-

history is to have done her best to destroy local government. The Gaullists have still not

come to terms with the milk-and-water decentralisa-

tion introduced by President

Mitterrand in the early 1980s. In the Gaullist-Thatcherite

cosmology, there must be no diminution of the nation-state,

so they equate any dilution of it to total destruction, or its

absorption into a different mega-state. In this case, it

mega-state. In this case, it would be a German mega-state.

The third fallacy involves Germany's role. Few people in France have descended in public to the level of saloon-bar abuse so shockingly conveyed by the July 14 Spectator interview with Mr. Nicholac Didley.

view with Mr Nicholas Ridley,

the former British trade and industry secretary. But

undoubtedly there are many

who are haunted by a spectre of German domination of the

new Europe. Some fear that Germany will dominate the

Community; others, that Germany will abandon it and float

off on some mystical central

European quest of its own.

What they find hard to understand is that Germany

needs to be part of a develop-

ing political Community for its own security in the face of uncertainty and instability to

the east; and that not even a

unified Germany can "domi-

nate" its peers, providing the Community acquires suffi-

ciently integrated political

Like it or not the summit in

Rome at the end of this week

will launch the Community on

a new phase which will inevi-

tably take it closer to a federa-

tion. One can sympathise with

the sufferings of those who do

not like it; but only the others

will be in a condition to make

day, which were far worse than expected. The US must now brace itself for the first recesston in nearly a decade – a recession, moreover, for which recent fiscal, banking and social policies have ill prepared the nation. The employment numbers

ne of America's longest post-war expansions is over: that is the blunt message signalled by employ-ment figures published on Fri-

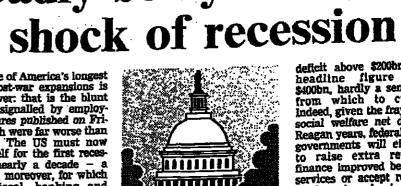
came as a genuine shock. There were numerous earlier signs of weakness, including some of the biggest drops in consumer confidence in four decades. But they were not interpreted as unequivocal porinterpreted as unequivocal por-tents of recession. The White House was able to talk of an economic "lull" without pro-voking ridicule. The optimists must now reconsider. The 267,000 drop in non-farm employment in

November was more than tri-ple market expectations. It was accompanied by a dramatic upward revision of October's job losses — from 68,000 to 178,000. The two-month decline was the worst since the 1981-82 recession and affected nearly every sector and region of the country. It pushed the unem-ployment rate to 5.9 per cent, a three-year high.

The figures provide no sup-port for the fashionable view that this would be a "white collar" recession. Three quar-ters of the November job losses were in manufacturing, which has shed nearly 800,000 jobs in less than two years. Most of the rest were in construction. The service sector as a whole lost only 12,000 jobs mainly because America's health-care juggernaut is still expanding.

Last week's purchasing managers' survey did suggest that many manufacturers are still benefitting from the dollar's weakness. But exports remain too small a fraction of manufacturers' output to offset domestic contraction. And further buoyancy can scarcely be relied upon given that many of the US's important trading partners, such as Canada and the UK, are already in reces-

ens of downturns since the Declaration of Independence. Prior to the 1930s, the vicissi-



Badly belayed for the

MICHAEL PROWSE on America

were accepted as a fact of life were accepted as a fact of life — a reality as unalterable as the agricultural cycle of feast and famine. Puritans even welcomed recessions as a healing process: an opportunity to make amends for past excesses. There is still a hint of that attitude today: many Americans look back aghast at the credit binge of the 1980s. But traces of remorse will not the credit binge of the 1980s. But traces of remorse will not prevent the Bush administration coming under intense pressure to do something to alleviate economic distress.

Amazingly, some diehard conservatives are still talking about tax cuts. Right-wingers apparently still believe that a cut in capital gains taxes could rejuvenate the economy. There is something surreal in these

is something surreal in these suggestions: don't supply siders understand that when asset values are collapsing, there are no capital gains, even for the rich? Don't they realise that their policies are responsible for the present fiscal crisis? Last week, the Congressional Budget Office — the indepen-

dent advisory body for legisla-tors – estimated that the fed-eral budget deficit would soar to \$200n next year and \$337bn in 1992, despite the cutbacks agreed in the October Budget concord. Of course, if you include the huge emerging sur-plus on social security and strip out the still-escalating cost of the Savings and Loan bailout (which has no expansionary effect), next year's defi-cit falls to only \$162bn, unchanged from 1990. But the bad news is that the CBO's estimates are based on unrealistic growth assumptions - 0.6 per cent next year and 3 per cent thereafter.

A serious recession would probably push the "economic"

deficit above \$200m and the headline figure towards \$400m, hardly a sensible base from which to cut taxes. Indeed, given the fraying of the social welfare net during the Reagan years, federal and state governments will either have governments with a revenue to finance improved benefits and services or accept responsibility for urban deprivation on a

truly horrifying scale.
To take just one example. the scope of unemployment insurance has been greatly reduced by the imposition of tighter eligibility conditions. During the deep 1973-75 recession, three quarters of the job-less qualified for government benefits. But in any future recession only about a third of the unemployed may qualify the unemployed may qualify for insurance payments. This matters in a country which still provides no welfare relief for able-bodied childless adults other than food stamps and occasional job training. If the safety net is not repaired, pov-erty could become a defining issue in the 1992 election cam-

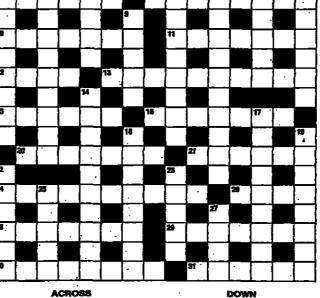
paign. Given the fiscal disarray, the burden of fighting the recession must fall mainly to Mr sion must fair mainly to ser Alan Greenspan, the chairman of the Federal Reserve. He has sensibly presided over a grad-ual easing of monetary policy since the summer. Early last week, the Fed cut banks' reserve requirements in an effort to bolster bank profit-ability and encourage more lending. On Friday, it signalled another small cut in the fed-eral funds rate, the third in a cuts in prime lending rates since January, although the big money centre banks have yet to declare their intentions.

This downward trend in short-term rates is encouraging and must continue. The fact that long bond yields have also fallen sharply implies that inflation is no longer a serious concern. The key question is whether Mr Greenspan can avert the kind of contraction of credit and monetary growth that precedes deep recessions. These - rather than retail sales or inventories - are the numbers to watch if you want to gauge the likely severity of this downturn. In the meantime, if you see a banker, tell him to keep lending.

14154F.

# **JOTTER PAD**

**CROSSWORD** No.7,415 Set by DANTE



them (6)

enouzh (6.2) 10 Contempt for a futile action

11 Hot spot turns out to set back father (7) 12 Turns to bridge and dozes off (4) 13 Swindles, theft and intrigue

15 April's turned out to be spring-like (6) Not involved in fight, so not charged (7)
20 Badly angered and remaining furious (7)

21 Sort of market for land (6) 24 Comfortable situation for professors (4.6) 26 Nail turned blue (4) 28 He doesn't believe in any-thing fancy (7) 29 From this raw spirits are

made (7)
30 Vessel often crossing the 31 It's sung by numbers (6)

et composition produces no excitement (8)

2 Adverse criticism? Not as a rule (9) 3 Notice a large number appear (4) Sees dirt, becomes revolted

7 Ayr is strangely not in Scotland (5) 8 Father holds agreement for fruit (6) 9 Poet possibly born around the end of the century (5)

(8) 6 Belief in proof of guilt (10)

A cross on top of a church in Devon (9) 18 Peter and Rae involved in a lively exchange (8)
19 They should be able to iden-

14 Mix Charmian's love drink

tify any salts in a mixture 22 A new bride's bits and

pieces (6) Attracted to being taken out 25 Keep silent about mother's bankruptcy (5) 27 Pound note remains (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday December 22.

The Dai-Ichi Kangyo Bank, Limited s hereby given that the rate of interest applicable to payments un adding to payments of interest under the loam is, for the interest er, 1990 to 11th March, 1991, 8<sub>15</sub>% per ansum, with a Coupos per USS 250,000 Certificate, payable on 11th March, 1991.

#### Heart II Limited US\$ 174,000,000 Secured Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 10th December 1990 to 11th March 1991 the Notes will bear a rate of interest of 8.3125% per somm.

The interest amount psyable on 11th March 1991 will be US\$ 21,012.15 per

# BusinessWeek

This week's topics:

Global Economy: Can The U.S. Compete? AT&T's Tough New Agressiveness

The Furor Over Deceptive Truffles

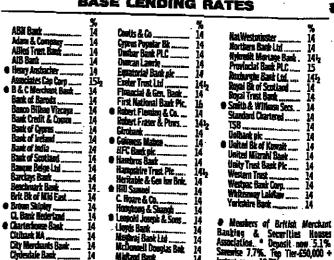
Even Japan Is Feeling The Squeeze

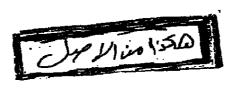
The Fed Eases, But Will It Work?

Now available at your newsstand!

14, av. d'Ouchy, CH-1006 Lausanne, Tel. 41-21-617 44 11 LIK toll-free number: 0800 289 137

### BASE LENDING RATES





Describer in

Who runs the country? The Labor Party's dominating force, Page 2 FINANCIAL TIMES SURVEY

# **AUSTRALIA**

Monday December 10 1990

Trouble down on the farm as recession hits wheat and wool exports, Page 6



SECTION III

Two years after the optimism generated by the bicentenary celebrations, the vision of a glorious

economic future for the Great South Land appears to have faded. Kevin Brown explains the reform

programme which is needed to restore the lucky country's fortune

# With a little bit of luck..

LESS than two years ago. Australia was on the crest of a wave as it celebrated, with pomp, the 200th anniversary of European settlement. The economy was growing, Austra-lian businessmen and sports-men were carrying all before them, and patriotic hearts swelled as the celebratory fireworks exploded over Sydney Harbour. Not for the first time, anything seemed possible for the Great South Land.

Where did all that optimism go? Today, the country is in recession, many economists are forecasting that unemployment could soon reach 10 per cent, and farmers are shooting 20m sheep because of a collapse in wool prices. To its credit, Prime Minister Mr Bob Hawke's government has begun to attack the country's underlying problems with a programme of long-term reform. It is not before time. Hardly a week passes without a leading company announcing heavy losses, and many of the entrepreneurs who once roamed the globe looking for investment opportunities are facing official investigations or

criminal charges.
In Queensland, a state government has been turfed out of

at your newssian

ENDING RATE

office after a Royal Commission revealed a web of corruption and inefficiency, in Tasmania and Western Australia Royal Commissions into cor-ruption and cronyism are about to start, and in Victoria a crisis of confidence triggered by economic mismanagement threatens to drive the last nail into the decline of Melbourne as a business centre. Even New South Wales, tightly managed by one of the most efficient state governments, is facing a budget shortfall of up to A\$200m as the recession bites into tax revenues.

Australia entered the 1980s on a boom of investment in resource industries which many hoped would fulfil its promise as the El Dorado of the southern hemisphere. It enters the 1990s wondering whether it is destined to expe-rience the fate of Argentina, with which it shared top spot a century ago in the interna-tional league table of per cap-ita gross domestic product. Australia was still in the top five in the 1960s, but had slipped out of the top 10 by 1986. Earlier this year, in the Organisation for Economic Co-operation and Develop-ment's annual report, it had

It would be easy, in the present atmosphere of gloom, to forget that statistics can easily paint an inaccurate picture, especially in living standards. Australians live better, in their spacious, sun-soaked South spacious, sun-soaked south Pacific island, than most peo-ple in countries with higher per capita income. They enjoy excellent food and wine, they live in airy, comfortable houses by a stunning coastline and a warm sea, and most have leisure to explore the large areas which remain unspoilt. Yet the Argentine nightmare is a potent one, and it has been

is a potent one, and it has been used repeatedly by Mr Hawke's government to help chivvy a conservative and reluctant population down the road of reform. The basic argument is that the problems stem from the inward-looking national mindset which developed after the federation of the six former British colonies in 1991 Com-British colonies in 1901. Con-sumed by the battle between federal and states rights, and fearful of the teeming millions on their northern borders, Australians sought to defend their first world status through economic and social protectionism designed to keep out cheap goods and cheap non-white labour, and a centralised industrial system intended to insulate them from the labour problems of the old world.

They call it the lucky coun-

try because every time the system looked like breaking down, it was rescued by a commodities boom. It would be going too far to say that the luck has run out, but there is a growing recognition that the old system could not continue. Argentina fell into decline because it falled to adapt to a more open world economy, taking refuge instead in high tariffs and protected state-owned industries. Australia can make the transition from an unsophisticated commodities exporter to a high technology value-added econ-omy, but only if it turns its attention outwards and learns to match the best of the rest of the world. That means accepting the importance of open markets, and abandoning the idea that governments can maintain prosperity regardless of what happens elsewhere. Mr John Howard, Treasurer (finance minister) in the last

1983, began the process of fac-

ing up to reality by removing some of the constraints on the financial system. But Mr Hawke's government, under the intellectual leadership of Mr Paul Keating, the current Treasurer, has grasped the net-tle of thoroughgoing reform.

The financial system has been deregulated, allowing for-eign banks to come in and

shake up the domestic industry, the currency has been floated, protective tariffs have been reduced by nearly twothirds, and foreign investment restrictions have been eased. The government is now embarking on widespread micro-economic reform - dere-gulation of aviation and telecommunications, partial priva-tisation of the government-owned Commonwealth Bank, and attempts to reduce the costs of using land transport, shipping and ports. Even the costly federal structure, which provides nine governments for 17m people, is to be reviewed at a constitutional conference

next year. Part of the reform process has been coming to terms with geography: recognising that the long fight to remain an antipodean outpost of Europe has been in vain. "It is simply no longer an option for Austra-lia to see itself first and fore-most as a transplanted European nation, a cultural misfit trapped by geography," says Senator Gareth Evans, foreign minister. Asian faces are com-mon now in the streets of Australia's big cities, and Aslan businessmen and political leaders will no doubt soon begin to emerge. Even without the growing Asian presence, Aus-tralians could hardly ignore the fact that more than half their exports and more than 40 per cent of imports are directed to or sourced from their Asian neighbours, while around 25 per cent of foreign investment comes from there.

Australia's growing recogni-

tion that it is part of one of the world's most dynamic regions has prompted a series of diplo-matic initiatives over the last few years intended to send a signal that it finally wants a relationship of equals. Austra-lia has led attempts to find a solution to the intractable Cambodian problem, and Mr Hawke deliberately rejected decades of Australian suspicion of Japan by urging Tokyo to play a bigger role in world affairs, including a military role if it wished. In the economic sphere, it was Australia which floated the idea of Asia Pacific Economic Co-operation (Apec) which has already led to multilateral negotiations between 12 regional states on input into the Uruguay Round of the General Agreement on

Tariffs and Trade talks. There is no guarantee that reform at home and Asianisation in external relations will provide the prosperity Austra-lia seeks. Many battle grounds

IN THIS SURVEY ■ One man bestrides poli

tics like a colossus -Paul Keating; Kevin Brown discusses the economy and shows how trade has been swinging towards the Far East.....

MAndrew Baxter says Australia is reviewing its place on the international stage and taking a hard look at the value it gets from the defence budget; Key facts ......

EDetails of the government's far-reaching programme of micro-economic reform; Wriggling free of the trade union straitjacket; Set to ring the changes in telecommunications .....Page 4

tion as the banks complete takeovers; Bruce Jacques discusses retorms in the wake of corporate collapes: Stock markets squeezed as they enter the last decade of the cen-



John Karin: tough times for farmers, Page 6

■ Big mines use their muscle to keep market domination: The green cost of development; Canberra is painfully aware of the troubles in the agricultural sector; Related sur-

Editorial production: Roy Terry Illustration: Grant Robertson

Local strength. Global span.





remain, such as waterfront

straints on mining which could

threaten the development of Australia's greatest single

resource. The government is also open to the criticism that

But there is a strong, cross-party consensus on the need

for an open, competitive econ-omy, and those voices crying for a return to protectionism are not likely to make much headway. The short-term will be painful, as Australians

struggle to overcome a ruinous

current account deficit and high foreign debt. But if Aus-tralians can find the confi-

dence to compete, there is no reason why the 1990s should not be a decade of recovery. As Mr Richard Woolcott, Secre-

tary of the Department of For-eign Affairs and Trade, said: "The unattractive alternative

would be to find Australia

increasingly marginalised as we approach the next century."

it is moving too slowly.

Importing wool from Wagga Wagga. Selling computers to Sydney. Setting up a chemical factory in Perth. To make the best of trade and finance opportunities in Australia, you need a bank that understands the market.

For twenty years the HongkongBank group has been helping business ventures in Australia. The group's trade and financial experts, long immersed in the Australian market-place, bring practical knowledge and experience to provide solutions to your problems.

And with over 1,400 offices worldwide linked by our private communications network, HongkongBank is your truly international partner.

For more information, contact HongkongBank of Australia's Sydney Office at Level 3, 20 Bond Street, Sydney NSW 2000, Tel: (02) 255-2888; or our London Office at 99 Bishopsgate, London EC2P 2LA, Tel: (071) 638-2366; or your nearest office of the HongkongBank group.

Knowledge of every facet of the Australian market. And a global reach. That's our strength.



Marine Midland Bank • Hang Seng Banh rhish Bank of the Mildie East • Hongkon of Australia - Hongkong Bank of Cana Wardley • James Capel • CM&M Equator Bank

Carlingford and Gibbs Insurance Groups

Fast decisions. Worldwide. CONSOLIDATED ASSETS AT 30 JUNE 1990 EXCEED US\$143 BILLION.

Who is running the government? asks Kevin Brown

# Political heavyweight

ONE man bestrides Australian politics like a colossus. Not Mr Bob Hawke, prime minister since his rejuvenated Labor Party swept to office in 1983 after eight years in the wilderness, but Mr Paul Keating, the dominant influence within the Labor Party and federal politics generally.

The country's Treasurer (finance minister) and deputy prime minister, he is the intellectual driving force of the gov-

The Hawke/Keating partnership has been an effective one for Labor It has allowed Mr. Hawke to concentrate on maintaining the stability of Labor's fractious internal coalition hile Mr Keating has taken the hard decisions on ecc a mic

The arrangement has the electoral advantage of protecting the prime minister's image as a man of consensus by dis tancing him from some of the controversy of policy making. But it also raises the ques-

tion of who is really running the Government in an environment where many of the most important policy initiatives are launched by the nominal second in command.

The conservative Liberal/National Party opposition coalition has little doubt - it concentrates almost all its fire on Mr Keating, largely ignoring the prime minister in the hope that the sometimes controversial Treasurer will turn out to be Labor's weak link with the

Mr Keating also has little doubt about his status. He treats Mr Peter Reith, the shadow Treasurer, with contempt, and reserves most of his ammunition for Mr John Hew-son, the coalition leader. Mr Hewson reciprocates, tacitly acknowledging where Labor's intellectual heart lies.

The problem for Labor is the never-ending speculation about how long Mr Keating will be prepared to play second fiddle. Serious rumour-mongering of a Keating coup has dogged Canberra for at least three years.

The latest outbreak was sparked last month by the resignation of Mrs Margaret Thatcher, the British prime minister, after 11 years in office. Maggie's gone, why not

The rumours were given further substance by the coinciappointment of two high profile advisers to Mr Keating's personal staff, as if he was indeed gearing up for a leader-

Much of the speculation can be put down to the peculiar hothouse atmosphere of Can-berra, a one-industry capital city where federal politicians live and breathe political gos-

But there are several good reasons why the leadership question is rising to the top of Labor's agenda. First, Labor trails the coalition by 18 points in the latest opinion poll, and

There are several good reasons why the leadership question is rising to the top of Labor's agenda

Mr Hawke trails Mr Hewson by 22 per cent. That comes as a blow to a party which has always been able to count on the popularity of its leader to carry it through hard times.

Second, Mr Keating has gone out of his way to adopt the mantle of leadership. It was Mr Keating, not Mr Hawke, who stamped out a rush from other senior ministers for a less deregulatory policy framework. And it was Mr Keating who led the Labor charge when vested interests in the coalition blocked some of Mr Hewson's plans for lower government spending.

Third, Mr Keating has tried before. Mr Hawke was told by several senior ministers that he ought to make way for the Treasurer in 1988, Australia's bicentenary year. Mr Hawke refused to go, and

his reluctance to leave the scene remains the principal reason why a Keating coup is unlikely. For if Mr Hawke has become less popular in the country, the Treasurer looks very much like a public relations disaster

In a recent poll by Morgan Gallup for the Bulletin magazine, Mr Keating scored just 29 per cent of preferences as Mr Hawke's preferred successor, compared to 51 per cent for Mr

WE SPELL SUCCESS WITH A TRIPLE A

For more information on the opportunities Queensland offers you, please contact:

Success seems so elusive for many in the

Unattractive international interest rates,

high taxes and restrictions on trade can

Consider then the possibility of having direct access to the fastest growing market

in the world - the booming Asia/Pacific

Currently, the State of Queensland offers

one of the healthiest and most promising

business environments in the world: Australia's fastest growing population,

lower labour and business establishment

costs, lower taxes, and a climate to suit both

retard the process of achieving goals.

current world economic climate.

region.

Mr Dermot McManus

Telephone + 617 224 6827 Facsimile + 617 835 1002

Trade and Investment Development Branch.

Department of the Premier, Economic and Trade Development, P.O. Box 185, Brisbane North Quay, 4002, Queensland, Australia.

Kim Beazley, the transport and communications minister.

Mr Keating fared better among Labor supporters, scoring 48 per cent compared to 35 per cent for Mr Beazley, and almost certainly has even greater support in the parliamentary party, which is con-trolled by the New South Wales right-wing faction of

which he is a leading member. Nonetheless, Mr Keating knows that a failed attempt to dislodge the prime minister would probably end his chances for good. On the other hand, if Labor wins the next election, due by 1993, he will almost certainly inherit the crown during the next parlia-

Mr Hawke, 61 yesterday, remains fit and well, and says he intends to lead Labor into a record fifth term in government. Powerbrokers such as Mr Bob Hogg, Labor's national secretary, and Senator Graham Richardson, a leading NSW right-winger, see him as the party's best chance, and left-wingers see him as preferable

to Mr Keating.
"The Prime Minister will determine his own future; my own view is that he is there for the long haul," said Mr Hogg. They have been a good duo to date, and I don't see why the combination cannot continue

for the party's benefit."

Mr Keating, bowing to the inevitable, says he still wants the job "but only if the opportunity presents itself in a natural way". The upgrading of his office probably means only that he has decided to stay the course, rather than leave politics for a plum job in private industry or an international financial institution.

If he is relying on a Labor election victory, Mr Keating appears to have got the eco-nomic timing right. He has induced a recession to rein in a ruinous current account deficit and is now forecasting a recovery in the second half of next year. If he is right, the election could come in early 1992, especially if increasing demand looks like forcing up the current account deficit

If the recession is deeper and longer than expected, as forecast recently by Mr Bernie Fraser, Governor of the Reserve Bank, the election can

lifestyle and business for companies that are

Economically, Queensland has Australia's

best growth rate, and through a budget

surplus and sound economic management

Stable government, lower cost structure

and the right climate for work and leisure,

all add up to Queensland being the top

Spelling SUCCESS is easier in Queensland.

and Pleasure!

**WE MEAN BUSINESS...** 

the top AAA credit rating.

State for investment down under



Keating: driving force

be delayed as late as March 1993 to allow the economic indicators to start moving in the right direction

But it could be close. Labor had an easy ride in 1987, when the conservative coalition was paign launched by Sir Joh Bjelke-Petersen, former National Party premier of Queensland, and again in March this year, when the con-servatives were handicapped by a widely disliked leader, Mr Andrew Peacock.

The Liberals now have in Mr Hewson a leader who has bro-ken a 10-year cycle of internecock and Mr John Howard. another former leader, and shows signs of giving the party a much clearer definition than it has managed for several

years. The smaller rural-based National Party wing of the coalition was reduced from 18 seats to 14 at the election, largely because of the impact of revelations of corruption in Queensiand, where Sir Joh's overnment crashed to humiliating defeat last year.

But the Nationals also have a new leader, and the energetic Mr Tim Fischer looks likely to improve the party's performance in provincial Australia as memories of Sir Joh fade.

already taken several tough decisions ducked by previous leaders, including the adoption of a broad-based goods and services tax to reduce distortions in the tax system, and the reduction of protectionist tar-iffs to "negligible" levels by the turn of the century.

Pressures will mount as the government steps up the attack nearer to polling day, but, for the first time in years, the coalition looks like going into an election on something Can Labor transform a weak economy? Kevin Brown reports

# An engineered recession

AFTER nearly a year of uncertainty, the statisticians have finally confirmed what competitiveness which it sees most Australians have known for months: the country is in recession for the first time since 1981-82

Figures issued by the Australian Bureau of Statistics show a |weak economy. Real gross domestic product (GDP) fell by 1.6 per cent in the three months to September, following a fall of 0.4 per cent in the three months to June.

The economy has now con-tracted in three of the last four quarters, and is down 0.7 per cent over the last 12 months, the first negative 12-month fig-ure since June 1983.

surer who once promised Australians they would never suf-fer a recession under a Labor government, now says the slowdown is "the recession that Australia had to have". He engineered the recession by raising official interest rates

to 18 per cent to rein in a current account deficit which reached A\$21bn last year, equivalent to 5.5 per cent of GDP. A lower current account deficit would reduce the growth in Australia's net foreign debt,

which reached A\$124.5bn in September, up A\$6.8bn in a year and equivalent to around 32 per cent of GDP. So far, the medicine is work-

ing. Imports are down 4.4 per cent over the past six months, compared to a 33.8 per cent increase in exports. The deficit looks likely to fall at least to the budget forecast of A\$18bn, or 4.5 per cent of GDP.

The question is, what hap-pens when the brakes come off? Will the deficit rise again, or can Australia achieve a permanent reduction in the cur-2.5 per cent of GDP - the level at which most economists think the foreign debt will stahilise? The long-term strategy has

been to open up the economy

as the only long-term guaran-

tee of living standards.

To this end, the dollar has been floated, the banking system deregulated, nominal tar-iffs on manufactures reduced from more than 30 per cent to around 11 per cent, with a target of near zero by the turn of the century, and government-owned industries are being privatised to stimulate efficiency.

Deregulation has been accompanied by a tight fiscal

The economy has now contracted in three of the last four quarters

policy which has reduced fed-eral spending from 30 per cent of GDP to 26 per cent, and cut the public sector borrowing requirement (PSBR) from 6 per cent of GDP to a forecast of zero this year.

The government's Accord with trade unions - basically trade-off of tax cuts in hange for wage restraint – has kept the lid on wages and helped cut inflation to an annual rate of 6 per cent.

Real wages are down 5 per cent since 1982-82, contributing to a reduction of 10.5 per cent in real unit labour costs and an increase in the gross corporate to a record 15 per cent.

However, the profit share improvement, combined with a premature easing of monetary policy after the 1987 stock market crash, led to a surge in fixed husiness investment from around 9.5 per cent of GDP in 1983 to a peak of 14.5 per cent in 1988-89.

It is that surge, combined industry to keep pace with ris-ing demand, which is responsible for the unsustainable growth in the current account

Mr Keating claims the

investment boom laid the groundwork for a more productive economy which will transform Australia in the 1990s. On his analysis, the recession will moderate investment to a level at which it will not fuel a

renewed current account crisis, probably somewhere around 11 or 12 per cent of GDP. However, some critics doubt this analysis. Mr Bill Shields, chief economist of Macquarie Bank, says most investment has been in the non-tradeable sectors of the economy, and much of what has been invested in the tradeable sector

was to replace worn-out plant. "The replacement of old by new capital equipment always brings some incremental increase in capacity. However, it is unlikely ever to provide the sort of capacity increases that are necessary to sustain reasonable growth rates in domestic demand and at the same time provide additional production for exports or

import competition."
Scepticism about the Keating strategy has grown as the economy has worsened, spawning radically different alternative strategies promoted by two loose groupings.

The first group, supported to varying degrees by those such as Senator John Button, minister for industry, technology and commerce, Mr John Dawkins, minister for employment, education and training, and organisations such as the Australian Manufacturing Council, wants a return to "assistance" - for which read protection -

for export industries.
The second, which includes the conservative opposition says the economy is in trouble ecause )government reforms have been too timid and too slow, particularly in the areas of government spending cuts

"The government is not mov-ing with sufficient urgency," says Mr Brian Loton, chief executive of BHP. Australia's largest company, and head of the Business Council. There has been a lot of well-directed concern, but not much result in terms of more competitive services to customers.

्र परवर्ष

Battle C

brass !

: Atm

- 15-22

... は、中の時間

::c' **36** 

4454

. . . . .

Transfer and all

このままと 500無便り

(3), 2年 たっ 神 (特)

ne er er er 🕬

A Committee of the Comm

na na sar agracian**a i ika** dat i e tar beide 

単項5 ことの強 解

Children Consum Mark

🐃 हे क्षेत्र हे अभा

Tales of the contract of the last

triff fan Billgary, 🗷

Silvania Car ike

Section with a sign

Date of the Parties of the

भू केट को तह उसने **सबसे क** 

The land werten

ten men grenter aus

Company of the

Ren e van to 🥦

Am amost e dest. 🛊

The state of the state

(m) (c) 453 4 13

Battalian in organism

In this the total

Barting and an eriting!

Pricatel actual rise

San a.q. H: Mir Train the Trianger.

Se that brough beat

to gettien through

Person of artistic

The second of the second

Calendary, and the the chair franch

Military Training

KEY FA

Taken within the

grades there ended

STABLE PARTY

-

3 100 USEDIO:

grandi (\*\*)

There do by (US \$500)

Da ares

West Builting for

Ar capita (LINE)

iga**s**ou' Charles ift a Ziled!

44

Nothing has been done to address any of the problems which caused the current account deficit," says Mr John Stone, a former National Party senator who is now a consul-tant to the free-market institute of Public Affairs. "Unless the government is going to keep the economy totally sedated we will be right back in the hole from which we are

supposed to be emerging."

Mr Keating has unequivocally rejected any return to
protectionism, saying that Australia's problems stem from 40
years of mollycodding industry. But he is on less solid ground against those arguing for faster reform and deeper spending cuts - the Accord, for example, has helped restrain wages growth and pro-mote industrial peace, but at the cost of an even tighter fis-

cal policy.

Meanwhile, the government faces growing calls to stimulate the economy in the short term by cutting interest rates.

There are other problems too. The Commonwealth Budget is now unlikely to reach the forecast A\$8bn surplus because of extra tax cuts con-ceded under the latest Accord agreement and revenue los caused by delays in privatisa-Australia's terms of trade

are turning downwards, and the effect on exports may not be fully alleviated by a depreciation in the exchange rate because of the effect of high interest rates and Australia's safe haven status in the event of a Gulf War.

Mr Keating remains con-vinced that his strategy is the only viable option. But it will require strong nerves to stand firm against the howls of pain which are likely to be heard over the next year.

TRADE

# Swing towards the Far East

tures and services

As chairman of the Cairns

Group of 14 agricultural

exporting nations, Australia played a leading role in forcing

the Gatt to negotiate on agri-cultural trade for the first time

The Cairns Group's tough

line - that there would be no agreement on the other 14

trade sectors under negotiation

without a satisfactory agree-

would achieve the 75 per cent

cut in internal support and

We recognise we have to try to

pursue a compromise. But a compromise is not one group

moving from their position

simply to accept the position of another group." Mr Blewett

said recently.

Australia expected the nego-

We are prepared to be flexi-

export subsidies it sought.

since the first Round in 1948

Australian farmer or politician, ments on trade in manufacmention the European Community's approach to liberalising world trade in agricultural

Mr Neil Blewett, trade negotiations minister, accused the EC recently of "procrastination and intransigence" over agri-cultural protection, and called into question the Community's commitment to genuine reform of its protectionist Common

Agricultural Policy (CAP).

"This country has carried through significant reform in agricultural trade which has caused us quite a lot of pain, and we believe the Europeans are capable of agreement of the capable of the supplementary of the capable of the capable of the supplementary of the capable of the ment on agriculture - successfully forced the EC to negotiate, but Australia was under no illusions that the group are capable of carrying out reform too," Mr Blewett said. ble, but we expect the same flexibility from the Europeans.

The CAP strikes at the heart of Australia's competitive advantage in agricultural pro-duction, not just by limiting exports to Europe, but by sub-sidising European exports to

other countries, in competition with Australian produce.

As one of the world's most efficient agricultural produc-ers, Australia is also one of the few which does not provide wide-ranging subsidies or assistance, and is therefore particularly vulnerable to the distortion of trade through

subsidies or protectionism.

Australian dependence on agricultural trade has fallen from 84 per cent of merchandise exports in 1953/54 to 32 per cent last year, or 26 per cent including services. However, farm products remain a central sector of the economy, not least because farming is the key to the prosperity of large parts of Australia. In addition, the ability of the

Australian government to achieve progress towards free trade in agriculture is regarded within the country as the flip side of its commitment to opening up the economy by reduc-ing protection for manufactur-ing industry.

Australia has reduced average nominal tariffs on manu-factured goods from more than 30 per cent to 11 per cent over the last 20 years, and while tar-iffs are still higher than the average world level of 5 per cent, both leading political groupings are committed to reducing protection to "negligi-ble levels" by the year 2,000. That policy is unlikely to

change in the short term because of bipartisan agreement on the benefits to com-petitiveness of removing the protectionist cushion on which industry has relied. But calls for a return to protectionism would be strengthened by a failure to achieve significant liberalisation in agriculture.

For these reasons agricul-ture assumed a central role in Australia's approach to the Uruguay Round of the General Agreement on Tariffs and Trade, even though it stood to

12.8 Other EC countries New Zealand

AUSTRALIAN EXPORTS BY DESTINATION (%)

Australia ruled out a unilateral withdrawal from the talks, in spite of pressure for a walk-out from Latin American members of the Cairns Group and. to some extent, from the conservative Opposition, which said a failed Round would be preferable to an unsatisfactory

In Mr Blewett's view, the consequences of failure would be immense: the US would increase its protectionist Export Enhancement Scheme and use the punitive unilateral measures provided in the Super 301 clause of the 1986 Trade Act; the European Com-munity would step up export subsidies; and there would be no incentive for Japan and South Korea to open their pro-tected markets.

Australia, a big country with large agricultural production and a small population, would be unable to compete in a subsidies war, especially in the area of export incentives, and would lose markets to the big

tiations to drag on for some time. Mr Bob Hawke, the prime two producers.

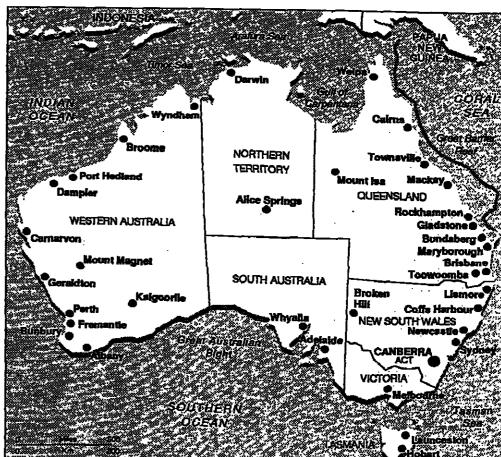
Australians suspect that the
European reluctance to negotiminister, recently announced plans to put Australia's case to EC leaders in Brussels, Paris ate reflects the security of a trading bloc which is more interested in trade between its members than with outsiders. London and Bonn next month, and other ministers said pri-vately they thought the talks might go on for a further year.

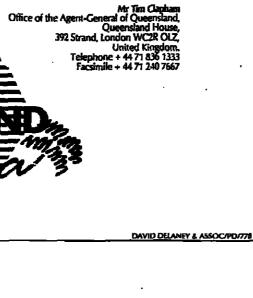
prospect of a North American trading bloc including the US, Canada and Mexico, that

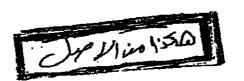
thought is enough to give Australians nightmares. Concern about being squeezed out of European and North American trade has led to talk in Australia of forming

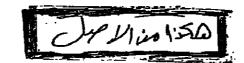
an Asian trading bloc based on the Asia Pacific Economic Cooperation (Apec) initiative launched in 1989 by Mr Hawke. Australian trade has been swinging away from Europe and North America and towards Asia for decades: for example, exports to Japan, the nations of the Association of South East Asian Nations and other developing countries (mostly Asian nations, including South Korea and Taiwan) have increased from 47.5 per cent in 1968/69 to 65 per cent: last year. Exports to the EC have fallen from 26.5 per cent

to 14.6 per cent.
But while a discriminatory Asian trading bloc might be in the interests of Australia, it would not be amenable to the industrial economies of countries such as Japan, South Korea and Taiwan, which need access to the large markets of Europe and North America.









### **AUSTRALIA 3**

Australia reviews its place on the international stage, writes Andrew Baxter

# Turning a new page with Japan

IF THE average Australian was asked to name the country's most important foreign policy initiative this year, one could guess what the answer

Ones and the Company

Brown reports

S WY DESTINATION ()

Even in a country where even in a country where defence and diplomacy are not exactly burning issues of conversation around the barby, few could have ignored the decision to send two guidedmissile frigates and a supply ship to the Gulf – less than a fortnight after Iraqi forces invaded Kuwait.

The move showed that in

The move showed that, in the words of Senator Robert Ray, Australia's defence minister, "there is still something to be said for old, enduring alli-ances". But while there was some initial fuss at home over the handling of the decision, it would be easy to overstate its importance in the context of the country's foreign policy priorities as a whole.

Canberra is keeping its options open about any further involvement in the Gulf crisis, but its initial prompt response was deliberately symbolic. If a country thousands of miles from Kuwait and less directly affected by the crisis than most could act quickly and deci-sively, it would send a strong signal that "a naked piece of regional aggression" should not be tolerated, says Senator

Gareth Evans, foreign minis-

The broad thrust of Australian foreign policy is more pragmatic, focusing on world issues where a country of its size can make a substantial contribution, and on Austra-lia's evolving role in the Asia-Pacific region. So a major bilat-eral issue such as nuclear weapons is left to the "big boys", according to Mr Evans, leaving Australia to respond creatively to topics such as chemical weapons, Southern Africa and global warming. Mr Evans hopes that this focus on "quality of life" issues

'There is still something to be said for old alliances'

will at least do Australia no harm when it comes to negotiating on "harder-headed" economic, trade and strategic metters. There are critics of the approach, however, such as senator Robert Hill, shadow foreign minister, who believes the Labor party has tended to "float over the surface of world issues, finding a niche for Australia in all of them".

More seriously, Mr Hill accuses the government of neglecting Australia's "own

regional relationships in its quest for a role in world issues. It is true that Australia's realisation of its importance in isation of its importance in Asia is relatively recent, but Mr Evans and prime minister Hawke are working hard to make up for lost time.

Underpinning the new regional approach is a sense of Australia's economic importance in the region. Despite its small population, Australia's GDP is more than that of the Asean countries combined.

Asean countries combined.
"We are as big as our land
mass in terms of our clout economically," says Mr Evans. Now the regional reappraisal has received a fresh stimulus has received a fresh stimulus from the beginnings of a US military withdrawal, prompted as much by budgetary constraints as the ending of the cold war. Senator Peter Durack, shadow minister for defence, said: "The US decision to be a procedure of the cold war."

to begin a phased withdrawal from the Philippines as well as from around a dozen other bases in the region indicates that it intends to reduce its presence much faster than anticipated. The practical consequence of this will be a declining superpower regional presence at the same time as a number of major indigenous powers are enhancing their own military capabilities." wants the US military presence in the region to continue, and that even if a strategic vacuum were to be created it would not have the means to fill the gap

in any substantial form.
But, viewed from Canberra,
the regional outlook still contains plenty of uncertainty, as
events in China have shown.
Fruthermore Australia's Furthermore, Australia's co-operation with the US - in the satellite early warning sta-tion network, for example has brought a whole new sense of global responsibilities to dis-

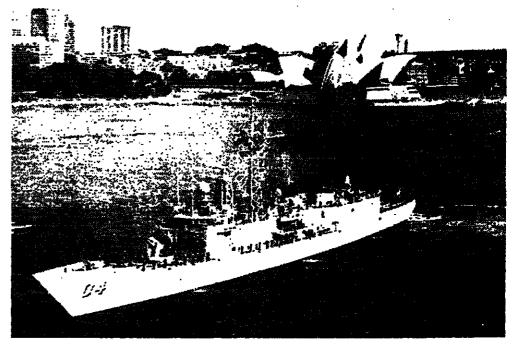
charge, says Mr Evans.
Accordingly, he says, "the concept is rapidly taking root of Japan and Australia as the northern and southern anchors of the Western Pocific all." of the Western Pacific alli-ance". Inevitably, therefore, Australia's relationship with Japan, which for years was based purely on economics, is now "rapidly developing extra

For many older Australians, this is a sensitive issue, and the government will have to be careful not to get too far ahead of Australian public opinion. While Mr Evans believes that ill-feeling towards Australia's powerful northern neighbour is a "passing phase", Mr Hill says the relationship is one about which many Australians are

Mr Evans puts a more positive gloss on the recent Japa-nese military build-up than his political opponents or some of Australia's neighbours, view-ing its basic characteristics as aimed at self-defence. The two countries do not have much of a defence relationship at present, and while Australia wants Japan to take a more active role on the world stage, Canberra has not suggested this extends to an expanded regional defence role, says Mr

Australia's new-found emphasis on making an impact in regional strategic affairs was best illustrated this year by its involvement in the Cambodia peace process, where it won international recognition for its efforts to break the deadlock via an enhanced role for the United Nations.

But the new approach is also reflected in attempts to improve important bilateral links. Mr Evans says a "major self-conscious" effort has gone into rebuilding the historically volatile relationship with Indonesia, culminating last year in the ending of a long-running boundary dispute that froze exploration for oil in the Timor Gap. The hope is that such initiatives will help dispel the unease towards Indonesia and its 180m poulation, often



Prompt response: HMAS Darwin sails out of Sydney harbour bound for the Guit

felt by those few Australians who can claim to live next

Ironically, the source of the original setback in relations with Indonesia – adverse Australian media coverage – is now causing a mild contretemps with Malaysia. But there are more central bilateral links, such as that with post-coup Fiji, where Ausdeveloping a relationship. Fiji

Mr Evans because he criticised its new constitution. Elsewhere, relations with India are also going through a sticky patch because of Australia's sale of Mirage fighters to Pakistan.

Looking eastwards, the elec-tion in October of Mr Jim Bol-ger's National Party govern-ment in New Zealand has been broadly welcomed in Australia, even if, as seems almost cer-tain, New Zealand retains its

ered or nuclear-armed ships The ban, imposed in 1986, has put the three-way Anzus defence treaty with the US under severe strain, but what worries Australia more is the prospect that New Zealand might pull out of a NZ\$1bn contract to buy two frigates from its neighbour across the Tasman Sea. Cancellation would have serious consequences for relations between two of the region's oldest

# DEFENCE

# Battle of the brass hats

CONTINUING uncertainty abroad and economic problems at home are forcing Australia to take a hard look at the

value it gets from its A\$8bn defence budget. Defence spending accounts for about 2.3 per cent of gross domestic product, a long way from the post-war peak of about 4.3 per cent in 1967-68.

"The political and economic reality is that there will be no real growth over the next five years. But I am hoping there will be no reduction", says Senator Robert Ray, defence

Against this background the identification of cost savings as much for its forthright lanin the Australian Defence priority and, although it would be too much to claim bipartisan support, there is at least a developing consensus

The focus for the new approach is a controversial report by Mr Alan Wrigley, a former senior defence diplomat, which argues that the ADF's structure is not suited to Australia's strategic priorities in the 199

The report, which has had a hostile reception from service chiefs, urges much greater use of civilians in support roles (allowing service staff to be shifted into combat roles), a near-doubling of reserve num-bers to around 40,000 and a 32

numbers to about 50,000. In spite of this, the total number of combat and combat support personnel would rise by 34 per cent under Mr Wri-gley's proposals, thus answer-ing criticism that insufficient ources are getting through

to "the sharp end". Mr Wrigley says there could be a large transfer of activity from regular military person-nel and Defence civilians to open competition within the civilian infrastructure, and is confident that "major finan-cial savings can be gained from competitively involving

Prime Mini

of extensive experience overseas in recent years".

The root of the problem, says Mr Wrigley, is the ADF's outmoded "expeditionary force" structure, with the military insisting on hamiling as much as possible of the sup-port services themselves and not relying on the national infrastructure. Mr Wrigley believes Australia should base its structure on the concept of sovereignty/defence, develop-ing a "total force" which better involves civilians via the

expanded reserves. The report has run into flak gnage on the self-absorption of the ADF as for its specific proposals. For some MPs, the service chiefs' long official silence on the proposals only served to confirm their aloof-

But last month, ADF brass hats came out fighting: Vice-Admiral Michael Hudson, chief of the naval staff, told s parliamentary sub-community that the proposals would constational undermine operational to such an extent that the navy would have been

unable to deploy to the Gulf. Mr Ray says the proposals will be considered in the context of a full defence review, which will lead to a ministe-rial statement in May. But he agrees that "hundreds of millions of dollars" of savings have been identified in areas such as logistics and stores and even hints that "in some ways we have to go further"

than Mr Wrigley envisages.

In a sense, the armed forces are now being expos of the thinking behind the vernment's programme for economy. The difference, per naps, is that Australia's strate gic outlook is rather more benign than the prospects for its civilian economy and

Andrew Baxter

7,682,300 sq km

...... 16.8m (1989 estimate) Robert James Lee Hawke

1989 US\$ = A\$1.26 £ = A\$2.07; 1990 US\$ = A\$1.27 £ = A\$2.23

.. Australian dollar (A\$)

# Our assets are the five million policyholders who trust us to take care of £23 billion on their behalf.

he AMP Society was founded in 1849 in Sydney, and rapidly grew to its present position as the largest life insurance organisation in both Australia and New Zealand.

AMP first opened an office in the United Kingdom in 1908.



LONDON

Today, the AMP Group serves more than two million policyholders in Britain, and is committed to a policy of

LIFÉ international expansion.

This strategy of controlled growth was highlighed by the merger of the prestigious London Life into the AMP Society in early 1989.

Founded in 1806, London Life offers the security and stability that is the hallmark of AMP wherever it does business.

And then, early in 1990, AMP substantially increased its presence in the United Kingdom with the successful acquisition of the Pearl insurance group.

Pearl has long been a force in the

British marketplace, and will continue to build on that strength.

### TODAY'S AMP

AMP's policyholders are backed by a strong and secure organisation.

The AMP Group has worldwide assets under management of more than £23 billion, and provides security and peace of mind for more than five million policyholders, and their families.

The Wall Street Journal this year ranked AMP as the 21st largest insurance group in the world today. AMP is the largest funds manager in Australia and New Zealand, overseeing investments ranging from small unit trust holdings

to large corporate pension funds. On behalf of its policyholders, AMP is also Australia's largest shareholder, owning approximately four per cent of all shares listed on the nation's stock exchange, in addition to substantial international shareholdings.

AMP-owned buildings dominate

the skyline of the major cities in both Australia and New Zealand, and the Society is the largest property owner throughout Australia.

As part of its diversified portfolio, AMP is also the largest rural investor in Australia.

The Society's wholly owned Stanbroke Pastoral Company is Australia's largest beef cattle organisation.

Stanbroke's 20 cattle stations carry more than 315,000 cattle and cover 94,000 square kilometres.

### OUR CORPORATE PHILOSOPHY

AMP, as a mutual society, exists solely for its policyholders - those people who have entrusted us with their life insurance, pensions and investments.

We safeguard the financial security of all our five million United Kingdom, Australian and New Zealand policyholders.

Our promise has been consistent for over 140 years - when our policyholders need us, we'll always be there.



ECONOMY 1988 248.0 283.4 Total GDP (US\$b Real GDP growth (%). GDP per capita (US\$). -10.2 -16.9 Current A 32.8 33.9 36.2 40.3 Exports (US\$bn) Imports (US\$bn) -4.1 -1.1 Trade Balance (USSbn) Main Trading Partners (% of total valu EXPORTS. 27.2 15.6 11.4 13.8 10.2 IMPORTS 24.0 22.9 21.0 19.2 21.5 20.8 USA. 92.9 103.5 Total external debt (US\$bn)\* 7.2 6.8 7.8 7.6 7.6 6.6 Consumer prices (% change ps). ind. wage rates (% change pa). Unemployment (% of lab force) 13.8 13.6 erves minus gold (US\$bn 24.0 Narrow Money growth (% pa). Lending rate (% pa, ave)...... 21.7

KEY FACTS

seaso onalis

P 3-44

APe -A

\*: \*\*

STOC

in faire

4 PM 1

mai kai

erin in Epipe

crestige?

.aryuma Sada

. ....

Courses

ी सेन्द्रीय है।

bre

MY

31 m

ny i andri

ų na s

an ing d

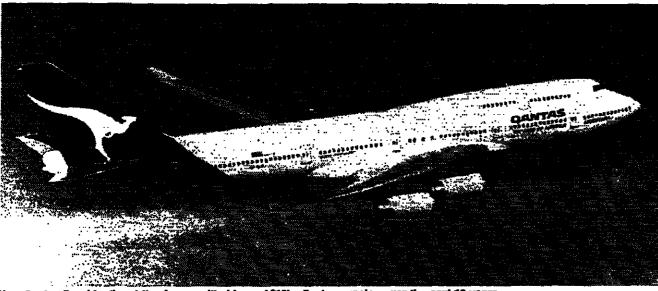
Section 1

Links

و پيدارو ؤ

24 - Spalling

mming



gship: the airline is committed to an A\$10bn fleet expansion over the next 10 years

Andrew Baxter looks at the programme of micro-economic reform

# Mr Hawke's flying start

distinctive kangaroo in flight on the tailfin of Qantas airliners not only as the emblem of Australia's international air-line but as a metaphor for the government's far-reaching programme of micro-economic Prime Minister Bob Hawke is

in a hurry to see results from a long-overdue thrust whose aim is to turn some of Australia's most laggardly industrial sec-tors into world-class perform-ers. As it happens, one of the targets is aviation and state-owned Qantas itself, 49 per cent of which is to be sold "For too long," Mr Hawke told parliament last month while announcing the Qantas sale and a restructuring of tele-communications. "Australia was content to live with domestic inefficiencies and low productivity in too many of this government's task vigor-ously and rapidly to sweep and reshape our economy as a genuinely modern and compet-

The rhetoric associated with the micro-economic reform programme is impressive, and Mr Hawke delights in teasing the Opposition on the "dead hand conservative inertia" that characterised 31 of the 34 years before Labor came to office in

itive one.

In fact, the speed of the reform programme, or in some cases the lack of it, is one of the most contentious current issues in Australia. Structural change in the economy is a keynote of the Labor govern-Hawke claims there is "no earier period that comes within a bull's roar of the progress we have made and are continuing to make." The Opposition, meanwhile, claims Mr Hawke's reforms are too little, too late. In four important ways, the eforms are as Australian as Mr Hawke's metaphors. The rationale for privatisation, for example, is very different from the ideological thrust in the UK, and there are few illusions about creating a sizeable pool of small shareholders in a country of 17m people. Rather, the fact that foreign capital will be necessary to the privati-

The

Legal

Group

The Australian Legal Group provides

knowledge and legal ability vital to

The largest legal group in Australia with

offices in all mainland capital cities and the

Represented in London, New York, Hong Kong,

A network of special interest groups to cover

Singapore and Jakarta, with a contact in Tokyo.

banking and trade "Down Under".

**Australian** 



azley: archaic system sation process highlights the

intention to expose companies to the test of world markets. Second, much of the attention has been focused on the privatisation, in full or in part, of big names such as Qantas or Australian Airlines, the stateowned domestic carrier which is to be fully sold. But Mr Des Moore of the Institute of Public Affairs, a Melbourne-based think-tank, says the real need for privatisation is less at the Federal than at the state level. Here, New South Wales under the Liberal/National government of Mr Nick Greiner has set the pace, but other states, such as Queensland and Western Australia, are readying plans to restructure their gov-ernment business enterprises (GBEs), many of which have a

The overwhelming majority of public enterprises are in state and local government hands, with assets (excluding land) of more than A\$240bn. But assets sales have realised only A\$2bn, compared with A\$3.6bn at Federal level over the past three years, and Mr Moore wants greater pressure on the states from Canberra to speed up the process. In total, public trading enterprises account for about 10 per cent of Australia's gross domestic product, relatively high for industrial countries, and the Organisation for Economic Co-operation and Development

ficiencies in OREs could lift Australia's GDP by 3 per cent.
A third, and related point is
that privatisation is just the most privatisation is just the most visible element in a pro-gramme that includes deregu-lation, corporatisation and commercialisation – often as a prelude to privatisation – tariff reduction and, most impor-tant, labour reform. The reforms on the waterfront

illustrate this multi-faceted approach, as moves towards a ingle union in the industry have been accompanied by new stevedoring arrangements for bulk grain ships, the negotia-tion of enterprise agreements between managements and unions which are expected to lead to productivity gains of up to 60 per cent, a closer watch users receive the benefits of reform, and improvements in the efficiency of the Australian

shipping fleet.
All these initiatives, listed by Mr Hawke in his statement, sound impressive, but it is a measure of the structural problems in some industries that the Opposition and right-wing commentators can argue convincingly that the reforms have so far only scratched the surface. This is because of the fourth, and most striking difmicro-economic reform and its counterparts elsewhere. Professor Henry Ergas of

Monash University notes that micro-economic reform is an "inherently political process, as it changes the rules about the behaviour of different actors" and at that level Australia the crucial difference is that Australia's reforms have involved negotiation at every stage between vested interests - trade unions, state govern-ments and the Labor Party itself - and the Federal gov-ernment, which has been keen avoid confrontation such as

last year's crippling five-month airline pilots' strike. The result, says Prof Ergas, is that the government has tended to buy outcomes, providing offsetting benefits to whichever interest group may be the loser from reform. On telecommunications, for exam-ple, the need to buy acceptance

ALLEN ALLEN

4 HENRICY MLC Control 19-23 Martin Place SYDNEY 2000 Tel. (02) 229 8765 Fax (02) 233 7022

. HEDDERWICKS

AMP Tower 535 Bourke Street MELBOURNE 3000 Tet: (03) 614 1011 Fax: (03) 614 4861

6th Floor Kay. 21, Jakarte

Takyo Contact Guy Alexander cf- Negaskama & Ohno 25 Ichibancho Chassio Ku

Chryoda-Ku Tokyo 102 Japan Tel: (03) 288 7000 Fax (03) 288 7000

Spee 1804 for Exchange Square & Connaught Place Central Hong Kong Tel: (852) 840 1202 Fax: (852) 840 0686

Tet (6221) 739 8338 Fax: (6221) 739 3379

ARTHUR ROBINSON

from telecom unions for the sale of Aussat, the satellite carthat "though we got the liber-alisation, we not only paid for

it, but we paid retail".

Given these constraints, it might seem surprising that the reform programme has achieved so much, particularly began with the liberalisation of financial services, floating of the Australian dollar, and tax reform of the first three Labor terms. But the commitment of a small group of senior minis-ters, and especially Mr Paul Keating, Federal Treasurer, has been a crucial element in surmounting the opposition of Labor Party left-wingers for whom public ownership remains a shibboleth.

These political difficulties are reflected in the approach to



there is a similarity between the Australian and overseas rationale for privatisation the need to find a formula for capital-hungry state companies to raise money their owner is unable or unwilling to provide. Mr David Jull, shadow min-

ister for aviation, says Qantas has always been undercapital-ised and suffers from managent problems due to a "post-World War structure". But he doubts whether the sale of a 49 per cent stake will make much difference to Qantas finan-

The airline is committed to an A\$10bn fleet expansion programme over the next 10 years, and the lack of capital resources in Australia increases the financial and strategic need for links with foreign carriers.

The government has imposed a 35 per cent limit on foreign shareholdings in Qantas, which wants an investment from an Asian carrier to strengthen its position in the Asia-Pacific region, and links with European carriers such as Lufthansa and British Air-

ways. But Mr David Price, a Sydney-based aviation consultant, warns that 1992 would be the earliest at which sale of the 49 per cent stake could go ahead, due to the airline's weak profit position. Net profits plunged to A\$12.1m in the year ended June 30 from A\$176.8m in 1988/89, due to soaring fuel prices, economic slowdown and the

rial view of Sydney: reforms on the waterfront include new stevedoring arrangements for bulk grain ships

after-effects of last year's

Ironically the dispute was a last chance for pilots to make big gains before the introduc-tion of Australia's "open skies" policy in domestic aviation on October 31. The reforms ended the duopoly between Austra-lian and Ansett, the private airline, and also deregulated fares, but in spite of the initial blaze of publicity for reduced fares, there is little evidence yet of full-fare ticket prices

It is customary to blame the duopoly for the high cost of domestic air travel in Australia, and Mr Jull remarks that "Australians are fed up to the back teeth with the heavenly twins." But he warns of the impediments to new entrants into the market – shortage of landing slots – and believes privatisation of the Federal Airports Corporation, owner of all the major airports, would be the best solution.

The government hopes the reforms will encourage new entrants to the domestic market to provide competition for Australian and Ansett, but so far only one contender, Com-pass, has converted aspirations into reality. It begins flights this month with two leased Airbuses, and Mr Price says its below of its rivals. "It is a terribly difficult thing to start up an airline in Australia, but there is a great willingness among the travelling public to

try it out." he says.

In spite of the attention devoted to the aviation and the waterfront, the government believes reforms of land trans-port offer the greatest potential gains — as much as A\$4bn a year, according to one esti-mate. Australia has seven publicly-owned rail authorities, six of which - owned by the states - lose money. "It's an absurd and archaic system, with problems unique to a Federal system," says Mr Kim Beazley, Minister of Transport and

munications.

A recent special premiers conference in Brisbane made a start on cutting through the problems that have bedevilled Federal/state relations. The result was a commitment by governments to work towards a start-up date of July next year for a National Rail Freight Corporation.

The system of interstate rail freight loses A\$300m a year, but consultants have forecast a profit of about A\$37m by 1993-94, assuming heavy capital investment, and an enterprise-based union agreement. Agree-ment will be needed on the financial structure of the corporation before the private sec-poration before the private sec-tor considers investing, and that will depend on further hard bargaining between Can-

	Nominei wages (national accounts basis)	Real wages (national accounts basis)	Real unit tabour costs	Gross corporate profit share (%)	Labour prod (son-farm market sector)
1982-83	100.0	100.0	100.0	.11.4	100.0
1983-84	104.8	97.6	95.4	13.8	103.6
984-85	1120	98.4	93.6	14.6	107.2
985-86	118.9	96.4	93.1	14.3	108,8
986-87	127.5	95.1	93.0	14.2	106.6
987-88	136.2	94.8	91.6	14.9	109,2
988-89	146.0	95.0	87.8	15.6	113.0
989-90	155.5	95.0	89.5	15.0	110.5

# **LABOUR**

# Wriggling free of a straitjacket

"IF WE don't get this thing right, we're sunk." The words are those of Mr John Howard, former opposition leader and now shadow minister for industrial relations, but they could equally have come from relativities between occupa

union figures. Mr Howard's assertion encapsulates the virtually and analysts that "this thing" - reform of labour relations and working practices - constitutes the most crucial pre-condition for the success of the government's micro-economic reform programme. But that is about as far as the consensus goes, because there are deep divisions over the way ahead and the efficacy of what has been achieved so far.

the government or senior trade

An economic assessment of Australia in April by the Organisation for Economic Co-operation and Development said the opportunity to increase productivity in manufacturing was being held back by a web of outdated and estrictive working practices, poor management and an industrial relations environment making change difficult.
"Management will need to be

note forward-looking, better able to manage its human resources and capable of creatworkplace reform ... union structures will have to be reformed," said the OECD. Fortunately a start has been

made in two key areas: ration-alisation and amalgamation of unions, and modifications to Australia's arcane centralised wage negotiation process -known since the mid-1980s as the Accord, but with an ancestry going back to the turn of the century.

The Accord – between the Federal government and the Australian Council of Trade Unions (ACTU) – is widely

criticised for distributing wage increases and gains from productivity improvements indiscriminately across the entire workforce, and freezing wage

tions and industries. Professor Richard Blandy, of the Adelaide-based National Institute of Labour Studies. comments that while the ful at the macro-economic level for restricting pay increases, it has not brought improvements in productivity which can only develop at enterprise level. However, moves this year by the ACTU to have at least part of wage increases granted as "over-award payments" illustrated "a trend towards an enterprise focus rather than the straitjacket of the Accord

over the past seven years."
But in spite of wishful thinking by some employers' spokesen, the Accord is not about to fall apart, and the govern-ment/ACTU approach is rooted in a process of modification. Many large employers, in fact, are fearful of the consequences if the centralised process were to wither away. "The concern," says Prof Blandy, "is

whether one can take off the straitjacket and not have a wages blowout." But Mr Terry Ryan, policy director of the New South Wales Farmers' Association, argues that "it is at the enterprise level that workers have their own vested interest in ensuring the pro-ductivity and profitability of

ductivity and profitability of the firm they work for."

Employers are also worried by ACTU-sponsored moves to encourage amalgamations among unions, fearing the pro-cess will simply produce larger and stronger unions. "Whether or not such unions actually improve the efficiency of industry is a side issue that forms no part of the union strategy," says Mr Ian Spicer,



ation of Australian Industry. The amalgamation trend is closely interlinked with the ACTU's rationalisation strategy, and the combined aim is a reshaped union movement of broad-based industry-wide

Mr Bill Kelty, ACTU secretary and a protégé of the prime minister, has a long-term aim to reduce the number of Australia's unions from 300 to about 20, while Senator Peter Cook, Industrial Relations Min-ister and a former ACTU official, aims to have one bargaining unit in each workplace within six years.

But progress has been slow so far. On the waterfront, a sector famed for its Spanish practices, the ACTU is seeking to create one union out of two dozen, using the Waterside Workers' Federation as a base. But substantial productivity gains from a reduction in demarcation disputes and over-manning will take time.

The union restructuring is not necessarily a negative trend for employers, and will at least lead to a simplification at least lead to a simplification of union/management relations. And given Mr Kelty's close links with the government, and hence to the future of the micro-economic reform programme, he will be keen to ensure that this strengthened role for the trade union move-ment in industrial relations will be used positively.

Andrew Baxter

# **TELECOMMUNICATIONS**

# Set to ring the changes

with 86,000 employees - dubbed "Monstercom" by Mr John Hewson, the opposition

Meanwhile Aussat, the gov-ernment's debt-ridden satellite company, is to be sold to the private sector and turned into a competitor for Telecom. With just 300 employees, Aussat's

The plan, masterminded by

But the government's "eco-nomic rationalists", especially Mr Paul Keating, the Trea-surer, have scored an impor-

tant victory in winning a defi-nite end to the new duopoly from June 30, 1997, after which there will be no limit on network competition. And even while the duopoly is in force, further competitors will be encouraged to enter markets other than the basic network.

Along with stringent rules on interconnection to ensure that Telecom/OTC cannot strangle its new competitor at birth, these conditions are seen as vital to the development of real competition in the telecommunications market.

Professor Henry Ergas of Victoria's Monash University, a world expert on the telecommunications industry, believes the rules have "somewhat amended" the creation of a duopoly that seemed likely to make the prospects of competition even dimmer. "It was not clear what incentive Aussat would have to go into a price

Achieving this will depend on a big rise in productivity, and significant job cuts at Tele-com/OTC are likely. Research by Prof Ergas shows that Tele-com's charges are most instant com's charges snows that Tele-com's charges are relatively high for OECD countries, and its rate of return among the lowest. Labour productivity levels are lower only in Portu-gal, Ireland and Turkey. The influence of OTC should also prove positive. The inter-

also prove positive. The inter-national carrier, which has about 2,000 employees, has a high rate of return on assets in spite of charges that are among the world's lowest. It has also

the government is keen to see
the merged company expand.

Aussat, whose new owner is
unlikely to be decided until
next year, will be starting in
competition to Telecom/OTC
virtually on a greenfield basis.
Prof Ergas says he would
expect it to concentrate on the expect it to concentrate on the cellular market, international services, the domestic trunk STD routes and a broad range of intelligent network services

ple - Mr Beazley's reforms are iar-reaching in the local context and in comparison with telecoms deregulation elsewhere. But their implementation will be a supplementation of the supplementat tion will have to be handled carefully to ensure that Mr

particular areas of practice. A federated structure that minimises client Direct client access to full legal and support resources in all offices. Hong Kong Dunstan Styles & Co Suite 1804 Hernsley Barriett House 9 Basinghari Street London EC2V SBO Hernsley Bankers Trust Building 200 Park Ave

New York N.Y 10017 U.S.A.

# 42-05 DCBC Centre

PARKER
AMP Buiking
140 St. Georges Tee
PERTH 6000
Tel: (03) 322 0321
Fax: (09) 322 2243 FEE2 RUTHNING Riverside Centre 123 Eagle Street BRISBANE 4000 Tet: (07) 833 3333 Fax: (07) 832 4233 ONE OF the keynotes of the 140 Bundali Road SURFERS PARADISE 4217 Tel: (075) 38 4886 Fax. (075) 38 9275 reform programme this year has been a determined effort to ring the changes in telecommunications.
The main aims were spelt FINLAYSONS SGIO Building 211 Victoria Square ADELAIDE 5000 Tel: (08) 212 3901 Fax: (08) 212 760

out in a statement to parliament last month by Prime Min-ister Bob Hawke. By opening the industry to competition MACPHILLAMY and improving efficiency, the ÇUMMINS & Gibson government hopes to pass on significant benefits throughout National Mutual Centre 15 London Circuit CANBERRA CITY 2601 Tel (06) 274 0777 Fax (06) 274 0666 the economy, and ready the telecommunications sector for export opportunities in the Asia-Pacific region. Jekarta Del Juzar & Wiriadiruta Chase Plaza JLN Jenderal Sudaman

"We are taking one of Australia's biggest industries and reshaping it into a new, vastly more dynamic structure," Mr Hawke told MPs. The announcement came after some months of debate, inside and outside the cabinet, on how to achieve this.

The plan aims to keep as many interested parties as pos-sible happy, while going fur-ther than the Labor Party had. until recently, seemed likely to countenance. Telecom, the monopoly domestic carrier, is to be merged with OTC, the international carrier, to form a

new owner - probably a for-eign company - faces spend-ing A\$1.2bn-1.4bn up to the end of the century to develop its

Mr Kim Beazley, the Communi-cations Minister, maintains a strong publicly-owned telecommunications company and fulfils the telecom unions' long-held ambitions for an OTC/ Telecom merger.

petitor," he says.

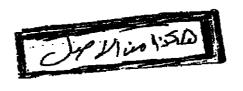
Mr Beazley believes the reforms will usher in a cheaper

and better phone service for Australians, and Prof Ergas agrees they could produce a fall in STD prices on trunk routes of as much as 40 per

been quite successful in developing export service deals with other carriers, an area where the government is keen to see to businesses. Here Telecom has lagged behind its counterparts overseas, but has recently been "lifting its

In spite of certain uniquely characteristics - on unionisation at Telecom/OTC, for exam-Hawke's forecast of "potentially limitless" benefits is ful-filled.

Andrew Baxter



our white M

19- 15

S EV DESTINATION (3)

Many Daylor

Brown report

# **BANKING**

# A season for rationalisation

IN SPITE of their worst earnings year for nearly a decade, Australia's leading banks have further consolidated their share of an overcrowded and largely unprofita-ble lending market in 1990.

The "big four" banks - the Commonwealth, Westpac, the ANZ and the National Australia - continued to drive a rapid rationalisation process as the smaller banks, especially foreign operators, generally reduced their exposure. Several significant takeovers

raised the big four's share of the country's total banking assets from 66.5 per cent to around 75.5 per cent. The big-gest single increase came from gest single increase came from a takeover still in progress, the Commonwealth Bank's \$Al.6bn takeover of the State Bank of Victoria (SBV).

This was easily the most significant financial services transaction for the year on a number of counts. It's size made it the country's biggest takeover for 1990 in any indus-try, and it re-established the Commonwealth as the country's largest bank, lifting its national market share from 18

to 26 per cent. But even greater importance lay in the implications for future banking and economic policy. The deal cast the die for further state bank takeovers by the leaders, with the State Bank of New South Wales and the Perth-based R&l Bank the next most likely candidates.

The SBV takeover was also the catalyst for a historic move by the Federal Government to partially privatise the Com-monwealth Bank. The govern-ment plans to offer a 30 per cent stake in the Commonwealth to private investors in what will probably prove to be the country's single biggest private equity capital-raising.

The other significant bank-ing takeovers during the year came from the ANZ, which acquired the National Mutual Royal Bank (NMRB) and the Perth-based Town and Country Building Society, lifting its national market share from 13

to 16 per cent. The acquisition of the NMRB, formerly a joint ven-ture between the National Mutual Life group and the Royal Bank of Canada, was a sort of second prize for the

The takeover was only sancposed easily the most innovative financial deal of the year, a \$A3.4bn merger with the second biggest life insurance group after the AMP Society. The plan posed thorny policy issues for the Federal Government, not the least being increased domination of the financial sector and the regulatory framework for controlling what would have been a hybrid

financial services group.
In the event, the proposal was blocked by the Federal Treasurer, Mr Paul Keating, on market domination grounds, but many believe further banking mergers, and "cross-border" insurance deals are likely.

A panicky local climate among investors has already caused minor runs on a couple of smaller banks, notably the Bank of Melbourne and Bris-bane-based Metway Bank. A natural government desire to ensure stability in the financial system may soften the Keating stance against further bank ownership concentration.

The banking takeovers of 1990 emphasised that, even with their earnings squeezed badly by write-offs from a string of high-profile corporate retain ample capacity to swal-low their smaller brethren.

Indeed, the leaders' bad-debt problems probably dictate further takeovers this decade as they strive to improve their loan quality and remain within tightening central bank prudential requirements.

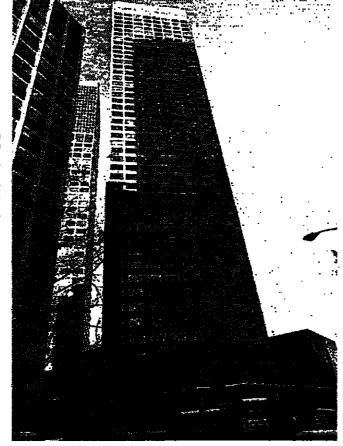
The September year bank reporting season brought most of the chickens home to roost from more than half a decade of largely imprudent bank lending to acquisitive share market operators. Bad and doubtful debt write-

offs of the hig four banks bal-looned close to \$A3bn and at last balance date, the banks were carrying more than \$A10bn in problem loans on their books. In spite of accounting tres

ment which might suggest oth-erwise, banking earnings have been under pressure for the past three years.
One public indication of this

came in the latest Institutional Investor/Prudential Bache survey of global bank profitabil-ity. The three largest banks ranked in the top 15 in the survey in 1988, but this year only two made it into the top

Leading stockbroker, J B this figure, pointing out that the Australian banking sec-tor's \$A330bn in total assets



ANZ Bank headquarters: market share is now 16 per cent

bank values have dropped

about 40 per cent in the past year amid the S&L crisis and a

spate of highly leveraged trans-actions. BZW nominates West-

pac as the Australian bank

most likely to pursue a US

acquisition because it already

has the largest exposure to

in loans outstanding.

Challenge Bank.

that market, with about \$A5bn

But Westpac also holds the

strongest portfolio position

among the smaller Australian banks, controlling about 10 per

cent each of Advance Bank,

the Bank of Melbourne and

Bruce Jacques

make it relatively insignificant on a world comparison. That total asset value is roughly equal to just one of the leading

"Clearly the Australian banking industry has gone through a two- to three-year period of reducing asset quality, pressures on loan margins, higher provisioning for loan losses, and no significant slowdown in operating costs," Were said in a recent banking review. Future asset quality will depend largely on the state of domestic property markets, as up to 85 per cent of non-accrual loans are secured against property. Loan margin pres-sures are easing as interests rates have fallen. However, these will be maintained under some pressure as non-interest

and non-accrual balances continue to increase Another leading bank analyst, Barclays de Zoete Wedd (BZW), believes the big four's expansion thrust may switch overseas in coming years, largely because opportunities in Australia are limited.

bearing deposit balances con-

tinue to reduce, competition

for retail deposits intensifies

Two of the leaders already have large UK exposure - the ANZ through ownership of Grindlays and the National through Yorkshire Bank and BZW analysts believe US targets may offer better value. The analysts say listed US

### Bruce Jacques on reforms in the wake of corporate collapses

# Surfeit of scandals

THE recent history of corporate regulation in Australia invokes comparisons with another time and place when Nero fiddled while Rome

Australian business has never smelled so bad internationally, with a string of the former corporate pace-setters, such as Alan Bond, Christopher Skase and Abe Goldberg, now considered investors' poi-

Corporate collapses in the past 18 months are estimated to have cost equity investors at least \$A5bn, with creditors anxiously awaiting the fate of twice as much again in loans. Yet more than three years after the 1987 crash which started the highly-geared cor-porate dominoes falling, Aus-tralia still lacks a fully operadonal national regulatory

A debilitating battle over control of corporate regulation between the Federal and state governments has delayed the establishment of a powerful, new national business watch-dog – the Australian Securi-ties Commission (ASC) – until

January 1991.
In spite of a local community baying for blood, and clear "untouchable" status for Australian companies with many international investors, the authorities have shown the country's Federal political system at its worst.

Governments have ultimately wasted millions of dollars of money, and as many words, haggling over whether corporate regulation should be

nationally or state run.

The process has left the ASC legally non-existent until next vear and forced corporate regulation to be carried on through the under-funded National Companies and Securities Commission (NCSC).

The process has made jaundiced investors even more cynical, and continued to damage business confidence just when strong punitive action against corporate miscreants was des-perately needed.

But towards the end of 1990, the delays appear to be over and the chances are growing that some of the country's worst corporate offenders will be brought to justice.

The most powerful assistance came from the Federal Government which voted the ASC an unprecedented \$A107m in this year's Budget. That compared with a previous budget for NCSC of a mere \$A8m, although state-run regulatory bodies were separately funded. Welcoming the new Budget,

ASC chairman, Tony Hartnell, gave a clear indication of where the bulk of it would be spent. "The ASC is budgeting on substantial litigation costs, he said.

The current system of law

Australian business has never smelled so bad internationally

enforcement has shown itself to be inadequate. The ASC wishes to play its part in restoring Australia's reputa-tion with a resolute effort. We must be seen to be strongly enforcing the law apparently abused with such recklessness over the past few years."

Mr Hartnell recently backed his words by announcing a "hit list" of 16 companies to be investigated, including Bond Corp, Rothwells, Hooker, Rstate Mortgage and Spedley.

Mr Hartnell's pledge to enforce the law sets his regime

apart from that of his pre sor at the NCSC, Henry Bosch, whose lack of funds forced him

into a cat-and-mouse game with miscreants, often aimed at forcing commercial soluaccused of being manipulative and using trial by media, but it did produce results which might not have been obtainable through the courts. One prominent example was forcing Alan Bond to bid for the Bell companies, formerly con-

trolled by the late Robert Holmes à Court. Mr Hartnell is expected to make fuller use of the courts, prompting concerns that corporate policing will turn into long and expensive battles, largely enriching the legal profession at the expense of inves-

tors and taxpayers.

Mr Hartnell's ascendancy has intensified the Australian debate on the issue of business regulation, drawing activity

from business lobby groups.
Organisations such as the Business Council of Australia, the Australian Institute of Company Directors, the Insti-tute of Chartered Accountants and the Australian Stock Exchange have focused on how to "clean up" the country's

business image.

They rightly point out that it is one thing to prosecute now, but that will not bring inves-tors' money back. The real challenge is to create a system that will withstand the rigours of the next share market boom.

One of the more eloquent spokesmen on the issue is also one of the worst affected by the excesses, Gavin Campbell, managing director of the Australian Stock Exchange (ASX). The ASX is probably running a close second on inves-

tors' blame lists, after the legis-lators, probably then followed by the accountants whose true and fair" seals on many dubious sets of accounts have proved highly misleading.

whether black letter law, and attempts to heavily enforce it meet with much success in

"If high integrity and an efficient companies and securities environment was determined solely by the number of applicable laws, we in Australia would have no need for concern," Campbell said.

"Indeed, in the new Corporations Act package, there are no fewer than 1.520 sections. Unfortunately, neither corporate nor individual behaviour is governed by the number of

"Many years ago, my wife's great-great-grandfather went bankrupt in Australia. But about 20 years afterwards, he held a dinner in London for all the creditors who had lost money, and under each plate was a cheque for the amount owed plus interest.

"Such behaviour is rarely heard of today, but at the time, there were very powerful social

But Mr Campbell suggests that this sort of morality is not likely to return. "Governments cannot legislate away market risk," he says. "Nor do I believe it is possible to legislate for honesty any more than for a successful marriage." Mr Campbell has certainly

been at the sharp end of inves tor disenchantment, especially on the international front. tralian market has gradually lost its attraction as a place to

More than 40 per cent of the trade in Australian shares is now transacted on overseas markets. The result has been a fall in average daily turnover the 1988 peak and a similar fall in market capitalisation.

# STOCK EXCHANGE

# Slimming programme

THE pincer effect of a sick local investment climate and the advent of a competitive international securities era is squeezing Australian stock markets as they enter the last decade of the century.

The resultant tough condi-tions are proving all the harder to handle with the industry still on a slimming programme to trim the excesses of the 1980s' share boom.

That saw a stream of big international financial institutions claw their way into Austrailen stockbroking, mouthing vague claims of "synergy" with mainstream financial services operations. But, with average daily turn-

overs more than 20 per cent below mid-1980s' peaks and more than 40 per cent of Australian share trades "leaking to overseas bourses, the inevitable has happened. Many of the interlopers have retreated, taking some of the most estab-lished local names with them. Their legacy is financial wounds, comparative wisdom and a rationalised securities industry. Yet, even with 10 broking firms closing their doors in the past year, 95 firms remain members of the Australian Stock Exchange (ASX).

chasing daily business that often falls well below the esti-mated \$A200m minimum for a break-even industry.
This has forced some innovative strategies on the brokers, notably an accelerated broad-ening of their base outside tra-

ditional areas, and a much greater willingness to indulge in high-risk principal trading.

Most of the large brokers now style themselves as investment banks and some have moved into the mainstream moved into the mainstream investment advice area which traditionally advises investors on anything but equities.

The Deutsche Bank-controlled Bain & Co is among the most prominent example of operational spread, with its vestment advice and leasing businesses probably outweighing its traditional securities

And the Barciays Bank-controlled BZW is a prime exam-ple of commitment to principal trading. While most large brokers routinely trade as princi-pal for a good part of their business – up to half daily turnovers are often estimated

to involve principal trading -BZW has been the first to systematically establish the Lon-

don practice of jobbing.

BZW has been the leading market maker in top stocks, but the group's strength as a principal trader was best highlighted this year when it put through the country's largest-ever principal deal — a \$A525m placement of shares in Wood-side Petroleum for Australia's

largest company, BHP.
Sydney-based BZW's ability
to grab the deal from under the noses of BHP's traditional Melbourne brokers reflected its principal trading reputation and a sound international distribution capability.

Most of the large brokers now style themselves as investment banks

The deal also capped a string of recent principal trades including the placement of \$A332m worth of shares in Goodman Fielder Wattie, the Australian food group, for British rival, Rank Hovis McDougall, and a \$Al8Im parcel in petroleum group Santos for the troubled Elders Resources

NZFP combine.

Apart from sliding daily turnovers, another indication of the depressed climate in the securities industry is a steady decline in equity raisings. ASX decline in equity raisings. As a figures show a rapid decline in equity raised from just over \$A16bn in 1987 to barely \$A9bn in the latest year, the lowest figure since 1986.

Raisings for new floats fell 28

per cent in 1990 to just over \$Albn and new listings on the exchange more than halved to a meagre 35 companies, just one eighth of the 1987 total. But Australian corporates

have found an effective new source of funds to tide them over this tight period. The sec-ond biggest source of equity capital in 1990 was dividend reinvestment programs (DRP).

ASX figures show DRPs accounted for more than \$A26bn or nearly 30 per cent of capital raising, and were just shaded by traditional rights issues. DRP flows have risen from negligible levels of less than 3 per cent of total raisings a decade ago and now operate as quasi equity issues for leading companies, while giving shareholders some tax

The root cause of most of the pain in the Australian securi-ties industry has been the poor performance of the stock market, in line with most world bourses. After a brief rally early in 1990, which took the leading indicator, the all ordi-naries index, close to the 1,700 mark, it had fallen back around the 1,300 level by early

December, more than 30 per cent below its 1987 peak. These conditions traditionally make it hard for brokers to attract business, and the diffi-culty in Australia has been compounded by a tax regime which still imposes stamp duty

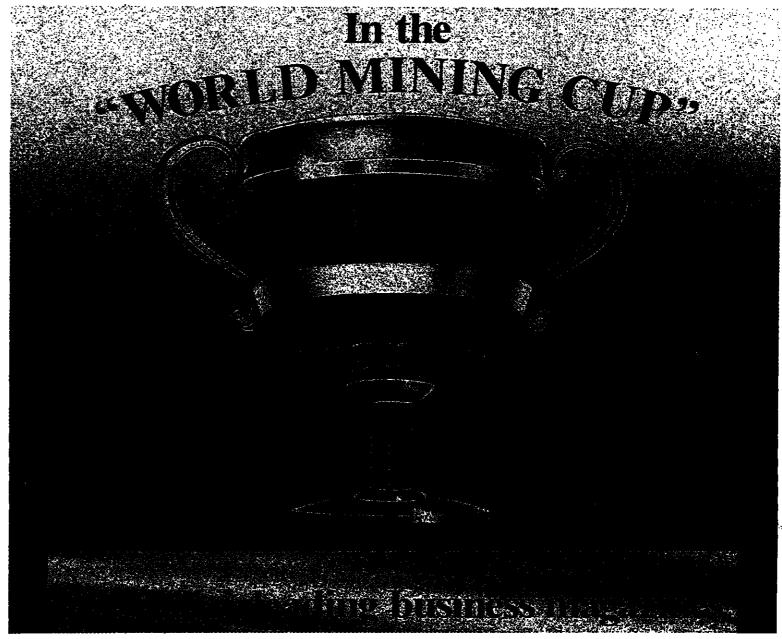
on share transactions.

ASX chairman, Mr Laurence
Cox, sees this as a significant
reason for the leakage of business to overseas exchanges where dealing is cheaper and the authorities are actively encouraging Australian compa-

Mr Cox says the ASX is campaigning to have the duty removed. Meanwhile, it has put substantial expenditure into computerised trading and settlement systems designed to make dealing in the Australian

market faster and cheaper.
The first year of the 1990s was a watershed for the industry, with abolition of the trad-ing floor, in favour of an all-computer screen trading arrangement known as SEATS. long been a paper-clogged competitive problem for Australian exchanges, the ASX has launched a computerised system known as FAST.

But the ASX's best hope for a short term business boost probably now rests with a new wave sweeping the Australian business scene – privatisation. But signs are that things will move quickly. The Federal Government is already committed to partially or fully pri-vatising the Commonwealth Bank, and the two airlines, Qantas and Australian. Some broker estimates suggest more than \$Al0bn billion worth of government assets could be sold in the next balf decade, much of it offered through the ASX.



# **Just awarded MIM** Gold, Silver, Copper and Zinc, Lead, Coal.

In recent editions of Australia's leading business magazines, M.I.M. Holdings Limited has won the 1990 awards for "Best Corporate Strategy" and "Business Leader of the Year in Resources".

In awarding MIM Best Corporate Strategy of 1990, Australian Business magazine adviowledged that "A strategy based on

technology, diversification and overseas expansion has changed the face of MIM". Entering the 90's, MIM will continue to

concentrate on its core products, building upon established operations, and seeking quality growth in the world's major market areas.



M.I.M. Holdings Limited MIM Plaza 410 Ann Street, Brisbane, Queensland, Australia, 4000.

The Business Review Weekly magazine adnowledged MIM's Dr. Roger Player as the Business Leader of the Year in Resources for the team development of ISASMEIT technology. ISASMEIT, based on the CSIRO's Sirosmelt process, has considerable capital and operating cost

advantages in the treatment of metals, and provides important environmental benefits. Technology gives MIM the competitive edge in MIM's global business.

As one of the world's major minerals and metals processing companies, MIM is committed to increasing shareholder value through long term growth and international participation.

# Decade of growth pays off

projects in 1990 has put Austra-lia in a position to maintain its dominant position in world mining exports into the 21st

After consolidating through the near depression conditions of the mid-1980s, the mining industry is now increasingly using its strong cash flows to boost capacity, aiming for classic incremental expansion at marginal cost.

Significant mining expenditure is risky at any time, given the vagaries of world markets, but all the more so now because of the uncertainties posed by the Gulf crisis. But the bulk of the envis-aged expenditure takes partial account of these risks, being earmarked largely for expan-

sion of existing operations, and The industry is using its strong cash flows

to boost capacity

even some replacement of less economic capacity.

But, underlying the resource richness of the country, there is also a sprinkling of greenfield projects, some of them bringing on world-ranking new

The backbone of this expenditure is a solid earnings per-formance which has distin-guished the mining sector, one of the few Australian industries still investing as the economy heads into recession.

Pre-tax earnings of the 23 mining groups in Australia's top 500 companies in the latest June year rose rose more than 15 per cent to \$A470m. Their sales margins improved close to a healthy 20 per cent, in line with solid world prices for most commodities.

And that performance was more than matched by the coal sector, where the top four companies more than quadrupled their pre-tax earnings, almost tripling their sales margins.

That helped the mineral sec-tor comfortably to maintain its place as the nation's biggest exporter, a role made more important by the country's chronic trade deficit problems. In 1989-90, Australia's min-

eral exports rose 7 per cent to \$A21.4bn, about half the national total. This year, the Australian Bureau of Agricul-tural and Resource Economics is forecasting a further 11 per cent growth to \$A26.5bn.
All but two of Australia's

main export minerals showed rising production in 1989-90, with total mining output rising by 63 per cent in the past half-

Gold up 25 per cent, nickel up 16 per cent, coal ahead 13 per cent, and nickel and zinc both up 12 per cent, showed the best output increases over the past year and are all commodities where Australia accounts for a significant proportion of world exports.

Aluminium output was down by 3 per cent, after growing by 14 per cent in each of the previous three years, and uranium output was static under restrictive Federal Government poli-

bility to world trends can be seen from the fact that these output rises are the sole reason for its healthy revenue.

Prices for most commodities fell in the latest year, as recession hit major consumer countries and price rises in the late 1980's encouraged new production to come into the market.

The industry is doubly at risk in pushing on with a major expansion programme under these conditions, but much of the expenditure involves projects that should lower Australia's position on the world cost curve.

CRA, the country's most profitable miner, is one of the leaders of the expansion push. with plans for two separate projects at its Pilbara iron ore mines, two gold mines in Indonesia and Papua New Guinea and a new open cut coal mine at Vickery in New South Wales.

The company's Comalco subsidiary is also undertaking a joint feasibility study with the Alcan group on a possible \$Albn alumina plant in Queen-

Another leading miner, MIM Holdings, fresh from a \$A135m expansion of its Oaky Creek coal mine in Queensland, is also considering expenditure of \$A200m on the rich McArthur River base metals deposit in the Northern Territory.

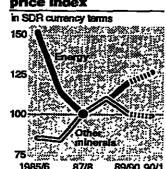
And MIM is scaling up its new \$A400m Hilton base metals mine to production levels that would exceed its worldranking Mt Isa mining com-Western Mining Corporation,

meanwhile, is looking at a \$A300m upgrade of its Kam-balda nickel operations. And also in nickel, the emerging Australian miner, ACM Ltd., has been joined by the Finnishbased Outokumpu group, for a \$A450m development of the Mt Ketih prospect in Western Australia, regarded as probably the world's best untapped nickel

At least seven new coal mines are firmly planned including Vickery, which could bring a further 20m tonnes of coal to the market by 1993. With incremental expan this could lift Australian coal output by about 30m tonnes, raising questions about market

Coal is already Australia's biggest single export earner, with shipments of just over 100m tonnes in 1989-90 bringing in about \$A5.8bn, but it is

**ABARE** commodity price index



BLAKE DAWSON WALDRON

AUSTRALIAN LAWYERS

Blake Dawson Waldron are pleased to announce the opening of our London based European office on

We are one of Australia's largest and most prominent commercial law firms. Areas in which we specialise include mergers and acquisitions, banking,

investment law, and corporate reconstructions.

3rd December 1990.

The firm's practice commenced in 1841 in Melbourne (Blake & Riggall) and 1881 in Sydney (Dawson Waldron). We now have over 400 lowyers in seven offices in Australia, South-East Asia and the Pacific.

Our London office will service the Australian, South-East Asian and Pacific needs of our dients in the United Kingdom and Europe.

**London Office** 5th Floor, 66 Gresham Street London EC2V 7BB Telephone: (071) 600 3030 Facsimile: (071) 600 3392 Resident Partner: Mr. A. K. Comeli

SYDNEY . MELBOURNE . BRISBANE . PERTH . CAMBERRA SINGAPORE - PORT MORESBY - JAKARTA - ASSOC. OFFICE

will stall at least some of the planned new ventures.

Probably the biggest black spot in the 1990 Australian mining outlook is the continued mothballing of the CRA-controlled Bougainville goldcopper mine in Papua New Guinea following severe civil

CRA subsidiary, Bougain-ville Copper, withdrew all staff by March this year, and although directors are continuing to account for the mine as a going concern, they have pro-vided more than \$A30m against its value.
Bougainville's problems, and

the clear failure of central Papua New Guinea govern-ment to guarantee safe work-ing conditions at the mine,

have brought into question all

fully continuing with the Porgera gold mine in the country and the civil problems have so far largely been confined to Bougainville Island. In the Australian petroleum sector, the most significant event of the year was the beginning of the Liquified Nat-

ural Gas phase of the North West Shelf project, the coun-

try's largest-ever resource ven-

further resource investment in

the country. However, MIM and Placer Pacific are success-

Shipment of the first LNG cargo in July capped more than 10 years of development work and underlined Australia's strong comparative energy position amid the Gulf

**Bruce Jacques** 



Aluminium ingots: output down by 3 per cent



Australia accounts for about 60 per cent of the world's raw wool exports

Times are tough in rural areas, reports Andrew Baxter

# rouble down on the farm

THE scene: a farming village in deepest Queensland. A smartly-suited local politician is haranging a small crowd of curious onlookers. The Federal government in Canberra, he tells them, is "a great fat blob, which won't move unless it is prodded" This modern-day bucolic is

being replayed throughout rural Australia this year, and is intended to give the Federal government and urban dwellers a sense of the importance of agriculture to the country's economy - and the plight of many of those who own, and work on, its 160,000 farms.

For all the rural representa-tive's indignation, Canberra is painfully aware of the farm sector's troubles. Agricultural products account for just 4 per cent of Australia's gross domestic product, but represented 26 per cent of total export earnings last year, the cond biggest factor after mineral resources.

However, the value of rural exports this year is forecast to fall significantly from A\$15.1bn in 1989/90. The present official forecast is A\$14.6bn, but Dr Brian Fisher, director of the Australian Bureau of Agriculwarns this is likely to be further revised downwards. There are a number of spe-

cific reasons for the problem, but the most important nega-tive factor is the "corrupted world market" for Australia's farm produce caused by European Community and US subsidies to farmers. In addition, the threat of world recession, political instability in key export markets, changing consumer habits, even the Gulf crisis which has compounded problems over live sheep exports to the region - are conspiring to produce a cocktail that may yet prove lethal for some farming livelihoods.

Dr Fisher forecasts that average cash income this year

180

160

120

100

1985/6

Farm prices net of levies and taxes

Wool

ABAT I BRIDE CARE

on broadacre farms - which excludes sugar, cotton and horticulture - is likely to plum-met from A\$52,000 in 1989/90 to just A\$25,000. At present there are no hard figures on bank-ruptcies in the industry, but time lags in the system suggest the full effects will hit the most financially-exposed farms

from early next year. Farming has always been a volatile business in Australia. and suffers from a climatic and financial instability completely foreign to the industry in Soil quality is poor, and it is

> Farming has always been a volatile business in Australia

not uncommon in some areas for farmers to expect just two good crops in five, and one complete failure.

Additionally, the industry is

largely at the mercy of international price movements. Even in wool, where Australia accounts for about 60 per cent of the world's raw wool exports, it has limited ability to influence market prices. because wool represents only 4 per cent of world trade in

But despite these structural disadvantages, Australian agriculture is among the world's most efficient and, over the past 10 years, productivity growth has been about 50 per cent higher than in manufacturing industry. This reflects the high average size of farms, continued investment in agricultural research, and the government's generally non-protectionist stance.

Mr John Kerin, minister for primary industries and from a farming family himself, has taken the view that in present circumstances there is little point in concealing the truth. "For many people in rural Aus-

1989/90

tralia, times are tough. It may well be that, for some, things will get worse before they get better," he says.

However, Canberra remains convinced that, except in the most exceptional circumstances, the long-term health of the agriculture sector is tied closely to the continuation of a non-protectionist stance. That approach, in turn, is an impor-tant weapon used by Australia in talks within the Uruguay Round of the General Agreement on Tariffs and Trade.

Not surprisingly, therefore, the fact that the government has just given its blessing to a quota system to cut wool pro-duction by about 25 per cent is cause for some embarrassment.
"The industry has been the doyen of free marketing, and has had trouble accepting the need for these measures," says Mr Jamie Hoadley, executive director of the Wool Council of Australia, the main wool pro-ducers' body. "I think the gov-ernment is in the same boat."

Ironically, wool producers have probably fared better than other agricultural sectors on a historic basis, despite spe-cific setbacks such as the 1982 drought. Prices rose sharply in the late 1980s, and wool's con-tribution to total broadacre receipts increased from 18 per cent in 1979/80 to 35 per cent last year.

Now, however, there has been a backlash against record high prices which became unsustainable as production levels were pushed up, and as China, the Soviet Union and Eastern Europe virtually with-drew from buying. Earlier this year, there were howls of protest from the industry when the government ordered the floor price – at which the Australian Wool Corporation buys in wool that producers cannot sell - from 870 cents a kilogramme to 700. Mr Hoadley remarks that, contrary to the government's expectations.

this depressed short-term demand even if in the long-term the economics of the decision were right.

Rather than see the floor price scheme fall apart completely wool producers have now grudgingly accepted a quota system which should broadly peg back production in line with exports of around 750,000 tonnes a year. But farmers face very heavy increases in the tax they pay to support the Corporation's buying programme.
In normal circumstances,

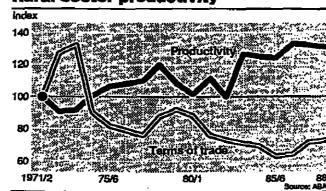
wool producers would by now have been diversifying heavily into wheat, Australia's biggest grain commodity by far. But record crops in the northern hemisphere, along with EC and US subsidies which Mr Kerin says are "cutting the guts out of the world wheat markets" have brought price falls of about one-third this year for Australian growers.

There are some brighter spots. Dr Fisher thinks prospects for beef producers are pretty good, underpinned by liberalisation of the Korean and Japanese markets, and cot-ton producers are making hay while world stocks remain low. Unfortunately this is one of Australia's smallest agricultural sectors. By generally rejecting the

anathema of protectionism, Australia's farmers can only hope for indirect government help through a better macroeconomic environment lower interest rates and a weaker dollar to stimulate exports - and a victory for Australia and its allies in Gatt.

They know it would be unwise to expect too much on either count. But Mr Kerin is right to remark that "downturns, even very deep ones, come and go," and rural Australia ought to be able to recover from its present malaise, if not quite as smartly as it has done in the past.

Rural sector productivity



The green cost of development

# In search of a middle way

IT MIGHT seem odd that hetween environmentalists and red-necked lumbermen and mental battles every bit as passionate as those in countries with much tighter pressure on space, dirtier water and heavier air pollution.

But it is precisely because Australia is so well-endowed with natural features whose preservation merits world wide interest, and yet remains so heavily reliant on basic resources, that "green" issues are politically controversial and economically a central question for Australia in the

Apart from the economy, the environment was the only big national issue in the March elections which gave the Labor Party a record fourth term in power. Labor courted the green vote assiduously, and many believe that backing from environmentalist groups helped tip the balance in its favour.

But in the months since the election, as parts of Australia have fallen into recession, there has been a subtle shift of emphasis within the govern-ment, leading to speculation that Federal economics ministers are winning a private bat-tle in Cabinet with their environment counterparts. policy terms, the underlying development is a growing realof the interdependence between economic growth and

Surprisingly, perhaps, concern for the environment is not a new issue in Australia. Mr Phillip Toyne, executive direc-tor of the Australian Conservation Foundation, quotes approvingly from A.R. Wallis, a Victorian agricultural expert, who wrote in 1873 of Australia's "uniform system of reck-less land spoilation - the exhaustive system of farming

Nearly 120 years later, land degradation is widely seen as one of Australia's biggest environmental problems. As such, it illustrates the mainly landbased emphasis of the environmental debate in Australia differentiating it from countries where air poliution and the consequent deterioration of the ozone layer are the pri-

mary issues.

As Mrs Ros Kelly, Environment Minister, noted recently, it is appropriate to refer to "landmark issues" when looking back on the great individual flashpoints of the past

Some of these battles, such as those against the proposed damning of the Franklin River in Tasmania, represent the pin-nacles of achievement for the environmental movement. Due partly to articulate public spo-kesmen such as Mr Toyne, the "greenies" have strongly influ enced the agenda for political discussion of the environment and its relationship with resource exploitation.

The result is that green

buzzwords such as "blodiversity" – the maintenance of large numbers of biological species – fall readily from the lips of politicians, whatever their political affiliations. "All the evidence suggests we have a high rate of species loss, and that is not a good thing eco-nomically," says Mr Frederick Chaney, opposition spokesman on the environment. "We should not be cavalier about a loss of genetic material."

More measurable in financial

terms was the abandonment or postponement last year of a number of export-oriented development projects. The most sensitive was mining at Coronation Hill, adjacent to the Kakadu National Park, the Karadu National Fala, which contains a world-class deposit of gold, platinum and palladium. And in Tasmania the A\$1bn Wesley Vale pulp mill project fell victim to concerns over likely chemical effluent. It is a sign of the times that an alternative plan is now under discussion. Over the past few years the Federal government and the

states have maintained a crude balance between conservation and development by taking a case-by-case approach that was often based on nothing more than a line drawn on a map. This has given the environ-mental debate an all-or-noth-ing. "win/lose" character that has prompted confrontation

deep uncertainty among resource exploiting companies. Canberra now wishes to change all this by substituting management for confrontation. The conceptual basis for the

new approach is "ecologically sustainable development," (ESD) as enshrined in the 1987 Brundtland Commission report on world environment and development problems.

A Federal discussion paper on ESD, issued in June, says the key task for implementing the process is to establish mechanisms that ensure an integration of economic and environmental considerations both now and in the future.

Reaching that integration can only be a co-operative process."

The government has now set up nine sectoral working groups to discuss over the next year what ESD means for industries such as forestry, mining and transportation. The groups will include representatives from industry, state and Federal governments, and some of the conservation movements including the ACF

and Greenpeace. A key aim is to give compa-nies "resource security," allowing them to plan with greater confidence. In mining, for example, the committee is

Concern for the environment is not a new issue in Australia

likely to look at measures to provide "more secure and ongoing access for exploration and development of resources while still protecting and/or conserving areas of outstanding conservation value".

It is easy to characterise the ESD initiative and the working parties in particular as a typical government response to a thorny issue - talk as a substi-tute for decisions and action. Certainly the scheme on its own is no panacea. An important accompaniment will be moves towards a clearer divi-sion of responsibilities between the states and the Federal goveroment on an issue which, as one government official observes, does not get a men-

tion in Australia's constitution Mr Chaney says the Federal state structure causes "genu-ine difficulties" for moving an issue like the environment. But a start was made last month when a special premiers' conference in Brisbane agreed to make a start on ending duplication of roles and

introducing a more co-opera-tive national approach. Mr Chaney complains that the ESD initiative is flawed by the government's unwilling ness to lay down an economic "bottom line". The government, he says, "should say that it is pro-growth, that it favours more resource development

and more resource processing" For its part the government stresses it does not have an apocalyptic view of future environment trends, and is emphatically opposed to the no-growth policy espoused by the more extreme environmen talists. It hopes that the ESD process will provide a balanced framework for discussion of individual developments, but if cannot expect argument over specific developments or poli-

cies to end overnight. The government's controversial three-mine uranium policy. for example, seems likely to be maintained despite its inconsistencies, as it remains a polit ical hot potato. On the other hand, Mr Toyne is worried about a number of recent "pre-emptive" decisions including the go-ahead for logging of sen-sitive areas on the coast of

New South Wales.
The more vitriolic critics of the environment lobby are now gleefully claiming "victory" as the government sees the light and embraces development with open arms. This, however, belittles a process which, although embryonic, might eventually enable Australia to stop viewing such a vital issue in terms of "winners" and "losers".

**Andrew Baxter** 

**FINANCIAL TIMES** RELATED SURVEYS West Australia

Asia Pacific Aviatio

Feb 5 June S July 9 July 23 Aug 24 Oct 10 Dec 20 Feb 1991

FOR ADVERTISING INFORMATION IN LONDON, CONTACT PETER HIGHLAND 071-873-3276

FOR EDITORIAL DETAILS IN LONDON, CONTACT DAVID DODWELL 071-873-4090

Marel seeks ider powers

The second . ...... 443 **44**3 iom poli double

Cont. 1. 安性 野童 養養 Ann officers was THE PART OF THE PARTY. 

Land of the world been kast sound-Ma The same and the same PAR SACKS COME

Marie Carlo Calabora City to experience in the and an austra 🗱 Mit beite bei eine Gugin bon Penis werry The state of the s

Carlotti ann lam**eistea** रिक्ष के प्रतिस्था के स्थापन स्था स्थापन atti vietica + ulimen. being seized The transport of the The state of the state of the THE ACTION PORTOR The state of the state of Ertun duderminet.

pristes melcomed The state of Employed to return of र्थाय कार्या के कार्या Salat and on a set. They more than the a format A common that all A CONTRACTOR OF STREET

in party loader The work of the state OTHER STREET The state of the s 1501 Processing and by buffeted

The same and a same TE VENT Man San State Address And the state of t WO! BE B...

to the second THE COLD OF THE PERSON AND PROPERTY. Seem with the seems of the seems ing had beginn the state of the sections of the section of the

CONTENTS C Company of the stage

Mar 1991